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Lebanese Right, Syrians Continue Beirut Fighting

Syrian peace keeping troops and Letanese rightists clashed with each other again today and rightist leader Pierre Gemayel urged efforts to save Lebamon from "catastrophe." Tank guns, mortars, rockets

and heavy machine guns were used along an ill-defined front line between rightist positions in Christian eastern Beirut and western areas controlled by the Syrians. Syrians form the bulk of the 30,000-man Arab League peace force that ended the 1975-76 civil war in most parts of Lebanon 15 months ago.

Today's engagement followed a morning luli after three days of bloodshed in which more than 150 people died and many more were wounded. Shortly after noon, a shell crashed into Ashraflyeh in the heart of eastern

The fighting subsided after mightfall, following the pattern I the lest four days. Former President Camille Chamoun's rightist National Liberal party laid the blame for today's

action on the Syrians, sccusing

them of "indiscriminate and in-tensive shelling of residential

"We view it as an out-and-out provocation, a spokesman for the party said. "The Syrians have launched what looks like a predetermined policy to escalate

The National Liberal headquarters in Ashraflyeh was attacked by Syrian troops on Wednesday. Two bullets hit Mr. Chamoun's office minutes after he had left

Premier Selim al-Hoss an-nounced tonight that Syrian Foreign Minister Abdel Halim Khaddam would arrive in Lebanon tomorrow at the head of a delegation from Damascus. "God willing, there will be

positive developments," the Premier said after a two-hour meeting with President Elias Sarkis. The peace force meanwhile issued a statement saying it had set up a joint committee with the Lebanese Army command to investigate the incident that sparked the fighting on Tuesday. tify those responsible for clashes



A rightist gunman helps two men reach safety during heavy shelling in Beirut Friday.

tween Lebanese and Syrian

At the same time the peace force said it would continue to act against all elements trying to After a meeting of the Lebanese Front, umbrella organiza-tion for all the rightist parties

at the Fayadieh army barracks be- and militias, Mr. Gemayel declared: ". . . God willing, we will be able to save the country. will befall all here and in the [Middle East] area.'

The Lebanese Front meeting was called to discuss the outcome of talks in Damascus vesanese delegation and President Hafez al-Assad of Syria. Syrian troops. now fighting rightists, saved the rightists from military collapse in the closing stages of the civil war by switching support from the opposing leftist-Palestinian alliance.

The front issued a communique (Continued on Page 2, Col. 8)

Israel Charged With Mistreating Arabs

Human Rights Abuses Around World Cited in U.S. Report

By John M. Goshko

WASHINGTON, Feb. 10 (WP).

-The State Department has told ongress in reports on human ghts in 105 countries that, deite some improvements during 77, repression, and abuse of invidual liberides are still wideread in most parts of the world. The reports, made public yes-rday, accuse the governments of versi nations closely allied to 'e United States—among them 'n, South Korea, the Philip-

s and Morocco-of allegedly ing the rights of their

coversial of all the reports is one on Israel. While recnizing that Israel itself is a odel democracy, it charges the sraelis with mistreatment of trab demonstrators and suspected errorists in occupied Arab ter-

Even there, the criticism of Isael is relatively mild when comsared to the picture that the eports draw of the human-rights ituations in several other coun-

But the Israel report drew an specially high degree of atten-ion because of its publication on he day following Egyptian Presdent Anwar Sadat's departure rom the United States and Israeli Foreign Minister Moshe Dayan's

That touched off a storm of speculation that the Carter adninistration had timed the reease to embarrass Israel and out t under additional pressure to pake concessions in its negotiaions with Egypt about withirawai from Arab lands.

Underscoring the speculation was the fact that the report on Egypt presented a highly opassessment of the rights ituation there.

It lauded Mr. Sadat for greatly elaxing police-state tactics and concluded: "Egyptians today are injoying civil and political freeioms to an unprecedented de-

However, a State Department spokesman, Tom Reston, denied 'categorically' that the timing of the release represented an administration pressure tactic igainst Israel. In compliance with the 1976

Inited States told the UN Hu-

nan Rights Commission today

that Israel was breaking inter-

rational law by establishing civilan settlements in the occupied

Edward Mezvinsky, the U.S.

representative, said that on Jan.

30 President Carter had stated

Washington's position that the

settlements were both "illegal"

Mr. Mezvinsky spoke during the

member commission debate

Israeli observance of human

hts in the occupied territories.

finese rights can be preserved

Israel's "scrupulous obser-

ice" of the provisions of the

Geneva Convention protect-

the populations of occupied

rael has rights under the

Itories Mr. Mezvinsky said.

und an "obstacle to peace.".

Arab territories.

Calls Sinai Camps Illegal

vention as the occupying pow- be an obstacle to peace."

GENEVA, Feb. 10 (NYT).—The er, he continued, but these "do not include the right to establish

settlements."

law's specific instructions, the department delivered the reports on all countries receiving U.S. aid to Congress on Jan. 31. Congressional sources said the publication yesterday was determined solely by the mechanics of when the Government Printing Office was able to finish running the 426page report off its presses. Some government sources and human-rights activists expressed

cencern that the heavy attention

focused on the Israel report

regard as the real purpose of the exercise—to present a composite picture of the global humanrights situation and what it says about the Carter administration's controversial effort to make human-rights concerns a major element of U.S. foreign policy. Even that approach to the re-ports drew a disclaimer from the

government's role in any of its recent successes or failures. Last night, the Israeli Em-

bassy here issued a statement noting that the report called Iq-rael "a full-fledged parliamentary democracy whose standards are comparable to those of the United States and other Western democracies."

The statement added: "Obviously the report notes the difference

chem Begin returned to Jerusa-

leni today from a fund-raising trip to Switzerland and said

that he had good grounds for

assuming that peace negotia-

tions between Israel and Egypt

In Hamburg, where Mr. Peres

has been attending a Socialist International meeting, he told

reporters that Israel and Egypt

were now at the stage of over-

coming the deep crisis and real

Talks between Israel and

Egypt are stalled on the key

occupied territories and the fu-

leader said that, following Presi-

dent Sadat's talks with President

Carter earlier this week, there

was a fair chance of continuing

"If the problem was just

But the Israeli opposition

problems that faced them.

ture of the Palestinians.

the negotiations.

would resume.

Kreisky Arranges Talks

State Department yesterday. Mr.

Reston cautioned that they should

not be regarded as an "overall

Sadat to Meet Peres in Austria Saturday

settlements] or about the future

of the West bank [of the Jor-

dan]," Foreign Minister Moshe

Dayan said in a television inter-

Appearing sullen under inten-

sive questioning by ABC news

correspondent Barbara Walters,

Mr. Dayan said he hoped Israel

would not give back the West

He seemed to downplay the sig-

nificance of President Sadat's visit

to Jerusalem in November at the

beginning of his Middle East

peace initiative, dismissing any

idea that it required major Is-

raeli territorial concessions in re-

Separate Peace

make a separate peace with Is-

rael if all problems between the

two countries were settled and the

other Arab nations did not want

Israeli Prime Minister Mena-

He also suggested that Egypt

view here last night.

Bank.

SALZBURG, Feb. 10 (Reuters). -Egyptian President Anwar Sadat will have a private meeting with Esraeli opposition leader Shimon Peres in Salzburg tomorrow, Austrian Chancellor Bruno Kreisky said today.

Mr. Sadat is due in Salzburg tomorrow for talks with Mr. Kreisky following meetings with President Carter in the United States this week. He spent today resting in Berchtesgaden, West

Mr. Peres, leader of Israel's Labor party, will be stopping in the Austrian city on his way from West Germany to Vienna to attend a Socialist International conference on the Middle East on Sunday.

Mr. Kreisky announced the surprise meeting in an interview taped for Austrian television. Extracts from the interview were released by the Austrian Socialist

Kreisky Suggestion

Mr. Kreisky said he had used the occasion of Mr. Sadat's planned stopover in Salzburg to suggest the meeting so that the Egyptian leader would be able to get the first-hand views of the Labor party, Israel's main opposition group.

In New York, meanwhile, in a move that could lead to an open confrontation with Washington, Israel has bluntly rejected Presldent Carter's assertion that its settlements on occupied Arab territory are illegal and an obstacle

"We do not agree with President Carter about the policy [of

Mr. Mezvinsky said that serious

allegations of human rights viola-

tions should be investigated

everywhere and that Washington

would cooperate in "all reasonable

measures" to determine the facts

Joel Barromi, the Israeli renre-

sentative, told the commission

that the settlements served an

They formed a "remarkably effective" network of warning

stations to guard against ter-

rorist squads and prevent the

passage of "maurauders, agitators

Mr. Barromi, who spoke as an

observer because Israel is not a

member of the commission, said

that the settlements would "not.

in the occupied territories.

important security purpose.

and saboteurs," he said.

Senate Sets Secret Debate On Panama Treaties Feb. 21 WASHINGTON, Feb. 10 (AP), ate can be forced to go into

The Senate agreed today to take its debate on the Panama Canal into secret session Feb. 21 to discuss allegations that Gen. Omar Torrijos, the Panamanian leader, and members of his family are involved in drug traf-

The secret session was requested by Sen. Bob Dole, R-Kan, and quickly agreed to by the Democratic and Republican lead-U.S., at UN Rights Meeting, ers of the Senate.

Sen. Dole made his request in speech when the Senate began its third day of debate on the proposed Panama Canal treaties. After Sen. Dole made his speech, Senate Majority Leader Robert Byrd, D-W. Va., formally requested that when the Senate convenes Feb. 21, after a 10-day recess, it go into closed session to discuss the allegations and sified information about them.

Excellent Cooperation Earlier, Sen. Byrd told reporters that he was briefed on the drugtrafficking allegations and "the information I've been given is that we have had excellent co-

Sen. Byrd called the allegations "a matter of concern." But the majority leader, a supporter of ratification, said "the bottomline, mudsill question is whether it is in the interest of the United States for the Senate to give its approval to these treatles."

operation from the Panamanian

Sen. Byrd noted that the Sen-

closed session at the request of two senators. The last closed session of the Senate took place on July 1 of last year, for de-The discussion was closed to the press and general public because it involved classified defense in-

given good marks for respecting individual liberties. Philippines government of Pres-ident Ferdinand Marcos is chargbate on a bill appropriating funds for a neutron warhead. ed with torturing political prisoners and of engaging in ex-tensive corruption. Similarly, South Korea, despite some improvements, is found to engage (Continued on Page 2, Col. 6)

Moscow Brands Ouster of 13 As Provocative Canadian Act

-The Soviet Union today described a Canadian decision to expel 13 Soviet officials for alleged spying as a provocative act based on "absolutely groundless

charges."
In the first public Soviet resction to the Canadian decision, announced yesterday, the official news agency Tass said it was authorized to state "that the actions of the appropriate Canadian authorities are regarded as unfriendly ones, and that they were taken with obviously provocative aims."

Canada yesterday ordered 11 Soviet citizens-mostly diplomats to leave the country and barred two others from returning. The 13 were charged with trying to bribe a member of the Royal Canadian Mounted Police to infiltrate the security service.

. The principal agent was iden-tified as Igor Vartanian, first secretary responsible for sports and cultural affairs at the Soviet Embassy.

Tass linked the expulsions to

an alleged campaign by opponents of détente in Canada. "The latest expression of this campaign was the demand by Canadian authorities that a mmber of staff members of Soviet instituions leave the country on absolutely groundless charges of 'impermissible activities,' " Tass

"It is obvious that standing behind this action that aims to damage Soviet-Canadian relations. are the special services of Canada and the forces supporting them, which systematically undertake hestile actions to complicate rela- their push north along the rail-(Continued on Page 2, Col. 1) read line from Dire Dawn, but

are trying to apply the highest standards and their own perception of human rights everywhere and to everybody." Under the 1976 law requiring the reports, both the administration and Congress are supposed to take rights abuses into account in allocating foreign aid. Yet, it already has become known that the administration, when it presents its fiscal 1979 aid

rity considerations force Israel to apply in the territories under

its control. Nevertheless, in spite

of those difficulties, the govern-

ment and the people of Israel

budget to Congress, will seek to cut off military aid to only one country criticized in the reports Several countries that have figured prominently in rights controversies-Chile, South Afri-

ca, Uganda and the Communist nations—are not described because they do not receive U.S. aid. Of the countries covered, the reports include these points about different regions: The Middle East and South Asia: Israel's tactics in the occupied kands are found to in-

chude "the use of extreme physical and psychological pressures during interrogation," using ex-cessive force to quell demonstrations, searching the homes of Arabs without warrants and occasionally expelling Arabs suspected of terrorist involvement. Elsewhere in the region, the reports cite evidence of repression and allegations of mistreat-ment in Morocco, Iran, Syria, Pakistan and Bangladesh, However they add, in some-notably Iran and Pakistan-conditions

The report on India says "hu-man rights and democracy have

been restored" in that country.

Tumisia and Kuwait also are

East Asia and the Pacific: The

presence in Africa. As a result, he said, the process improved considerably during

May End Neutrality

U.S. Warns Ethiopians On Invading Somalia

-Secretary of State Cyrus Vance warned today that the United States may change its policy of neutrality and withholding arms sales in the Horn of Africa should Ethiopian troops cross Somalia's

Mr. Vance proposed, for the first time publicly, that Somalia withdraw its forces from the Ogađen Desert and, in turn, that Soviet and Cuban forces be with-drawn from Ethiopia. Mr. Vance told a news confer-

ence that he has been assured by Soviet officials that Ethiopian troops would not cross into Somalis, and the United States therefore has remained neutral and declined to supply arms to either side.

Different Situation But, he said, if Ethiopian troops crossed the border, "we'd look again at it. This would be a different situation."

Mr. Vence estimated that the Soviet Union has "800 to 1,000 military adviser-types" in Ethio-pia and the Cubans have "3,000 military personnel, of which approximately 2,000 are involved in combat, and further forces are

He said that Cubans have been flying Ethiopian eiteraft. . On the Middle East, Mr. Vance took issue with Israeli Prime Minister Menachem Begin's state-ment that U.S. arms sales to Egypt, now under consideration, would be a "negative development."

"It's possible to have arms sales which are not disruptive," he

Mr. Vance repeated U.S. op-position to Israeli settlements in additional territory, saying: "We believe all these settlements are contrary to international law and

they shouldn't exist." He said there may be 2 Middle East summit conference in Wash-ington involving President Carter, Mr. Begin and Egyptian President Anwar Sadat.

Mr. Vance said that the United States "has received assurances from the Soviets that Ethiopian troops would not cross into Somalia. We hope and expect that this promise will be carried out." However, he made clear that

the growing Soviet and Cuban involvement in the Horn of Africa has affected relations with both countries. He said that it will be taken into account in talks. with the Russians on the demilitarization of the Indian Ocean. These activities "obviously cannot help but have an effect upon the relationships between our countries. It affects the political atmosphere between the United States and those two countries,"

Mr. Vance said. "What seems to be happening there [in the Horn of Africa] is inconsistent with a limitation of forces in the area, which is what we are seeking in the Indian Ocean." he added.

Regarding Cuba, Mr. Vance said the administration was disappointed that Havana, desnite TS. requests early last year, had increased rather than decreased its Havana "has been further com-plicated." He said that Washington is not looking for concessions from Cuba, "but for an action which might be helpful." He made clear, however, that

section in Havana as a result of Cuban intervention in Africa. The interest section, opened in September, is "performing a useful



President Mengistu Haile Mariam of Ethiopia.

Pace of the Killing Intensifies

Regime May Be Winning Ethiopia Terror Campaign

By John Darnton

ADDIS ABABA, Feb. 10 (NYT).-After three months of a "red terror" campaign to wipe out what it calls "counter-revolutionaries," the Ethiopian government of Lt. Col. Mengistu Haile Mariam appears to have gained the upper hand against an underground organization. bolstering its hold on this stricken capital.

The "red terror," which began as a response to the so-called "white terror" of a revolutionary group, is continuing—with daily executions, jailings and sentencing to camps in the countryside. Ethiopian leaders try to justify the campaign as a deliberately

harsh tactic by a revolutionary government-both to survive and to remain revolutionary. Diplomats here estimate that since mid-December more than

1,000 persons—many of them teen-aged students—have been killed. Perhans as many as 10,000 have been arrested in an operation to ek out names of members of the anti-government underground, the Ethiopian People's Revolutionary party.

The party, a shadowy organization, is a Marxist group that is

fiercely anti-government, believing that a true revolution cannot be In September, October and November, the party is said to have stepped up a campaign to assassinate government officials, leading

to the recent reprisal drive. The government executions, which range from 5 to 20 a night. continue. Bodies of the victims are frequently displayed in public squares, sometimes with signs around their necks reading: "The red

terror must crush the white terror." In mid-afternoon, the crackle of gunfire is heard. It picks up after midnight, when the capital is still under curfew and the gunfire sets dogs to barking

Wednesday morning, a group of foreign correspondents set of for Mercato, the old marketplace. Within 10 minutes, they found an example of what they were looking for: The body of a young man (Cantinued on Page 2, Col. 6)

Claiming Series of Victories

Ethiopia Urges Somalia to Give Up Battle

-Ethiopia, now on the offensive against Somali forces in the Ogađen war, today called on Somalia to give up the battle. The Ethiopian government promised to spare the lives of any Somalis who surrendered im-

In a statement issued through the Ethiopian Embassy in Rome, the Addis Ababa government said that it was ready to live as a good neighbor with Somalia. In the latest reports of fight-

ing, Somalia said that the forces of the Western Somalia Libera-tion Front had been forced to make strategic withdrawals because of the air superiority and firepower of the Ethiopian forces. spearheaded by Soviet and Cuban

Somalia yesterday ordered mass mobilization to meet the Ethioplan counter, offensive which began last week The Somali government in Mogadishu said that it may have to use regular troops to repel the Ethiopian advance. Two-Prenged Assault

occupy a strategic 200-mile strip of its coastline around Berbera and along the Gulf of Aden. Ababa said that the Ethiopians seemed to be making progress in

Somalia has charged that Soviet and Cuban troops are leading a two-pronged assault to Diplomatic sources in Addis

offensive southward from the mountain citadel of Harer.

The sources said that the mountain roads around Harer

were presenting difficulties for the Ethiopian armor and the terrain favored Somali guerrilla

Transvaal Aide Sees Opera as Not for Blacks JOHANNESBURG, Feb. 10

(UPI).—Sybrand Van Niekerk, administrator of the Transvaal Province, said today that Pretoria's planned opera complex would be for whites only because blacks "don't believe in the same sort of entertainment as we do."

"They do war dances, et

cetera," he said. Special permission might be granted the opera house to admit blacks. Asians and colored (mixed-race) persons after consultation with local authoritles and police, he said.

The opera house is expected to cost 46 million rand (\$52.9. million, and is due to open the Ethiopians are using their Soviet and U.S.-built fighterbombers, artillery and rockets to soften up the Somali forces before launching a broad infantry assault.

About 80,000 Ethiopian militia and 40,000 regular troops are believed to be on the Ogaden front, but no large-scale infantry fighting has been reported since the offensive began

Victory After Victory Ethiopia's statement from Rome

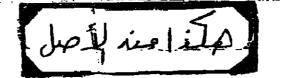
said that Ethioplan troops were scoring victory after victory in their drive against "the Somali aggressor and the mercenary forces of reactionary Arab regimes.

It added that the Somali government now realized "the folly of its adventure" through the deaths in battle of thousands of innocent men,

Calling on Somalia to stop the war, the statement said: "The Ethiopian government, in a genuine concern and sincere desire to prevent any more bloodshed and loss of life, appeals once sgain to Somalia to spare the lives of innocent soldiers thrown

into battle in the Ogaden." Ethiopia's Marxist government has dropped thousands of pamphlets over the war zone calling on the Somali forces to surrender or die.

Latest Western intelligence re-(Continued on Page 2. Col. 4)



News Analysis

Vietnam Faces Steady Drain In Conflict With Cambodia

By Henry Kamm

BANGKOK, Feb. 16 (NYT).-An American here spoke the other day of Vietnam's involvement in Cambodia as a "ouagmire, a word that gained currency in the 1960s when it became evident that the United States would find it difficult to extricate itself from its involvement in Vistnam.

Now, in the late 1970s, Vietnam has brought superior military power to bear against a neighbor that had been raiding its border regions almost since the end of the war in 1975. And Hanoi finds itself in a situation where it has not won a decisive victory and has to consider the application of more force, with the risks that this entails, or try a new diplomatic tack.

Hanoi's troops apparently advanced almost at will in their thrust in strength into Cambodis at the end of last year. They halted the advance when Hanoi thought it had proved its military potential and-created for itself a position of force for successful negotiations to dampen its neighbor's aggressiveness.

But instead of suing for peace, Cambodia took the extraordinary step in relations between Communist nations of severing its diplomatic links with Vietnam and rejecting Vietnam's offer of talks until all its forces had left Cambodian territory. Vietnam appears to have substantially done this, mainly on its own initiative, sometimes under Cambodian military pressure. "Its, troops are being nibbled at all points," said an observer with access to oattlefield information.

Cambodian Initiative

The Cambodians, perhaps encouraged by the withdrawal of larger and much better equipped Vietnamese force, appear once more to have seized the military initiative, crossing into Vietnam frequently, sometimes in strength, particularly near the southern end of the 750-mile-long frontier. At the same time Phnom Penh maintains a high level of aggressiveness in its Communist regime with the U.S. imperialists."

The Phnom Penh radio reported Tuesday that Vicinamese forces, supported by MiG planes, helicopters and tanks, had been fighting inside Cambodia, along the Bassac River, since Sunday. The broadcast said that they were repulsed Monday, with the loss of several hundred Vietnamese casualties and 17 tanks

Informed sources in Bangkok said the Vietnamese incursion appeared to have been in retallation for an earlier Cambo-dian attack in the vicinity of the Vietnamese provincial capital of Chau Doc.

Vietnam's quandary has many million inhabitants, with Southeast Asia's strongest military force by far, is being harassed by a country of 7 million. Its casualties are heavy, according to recently arrived Vietnamese refugees here, who say they owe their escape to the confusion reigning in the southernmost coastal region as a result of the

The fighting diverts Vietnam's large army from what has been its principal task since it won the

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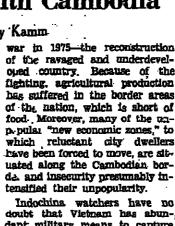
can function simultaneously. Seiko's dedication

surprisingly compact case. Seiko's concern with

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to technology makes this watch possible in a

human engineering makes it the easiest multi-



doubt that Vietnam has abundant military means to capture any place in Cambodia that it desires, including Phnom Penh, and to install a client government. But to do so, Hanoi, which throughout the war against the United States worked up vital support from international pub-lic opinion, runs the risk of endangering that support and with it the chances of badly needed economic assistance.

At the same time, knowledge able analysts believe that Vietnam's actions toward Cambodia are constantly restrained by Hanoi's awareness of China's stake in Cambodia. The xenophobia that seems to motivate Phnom Penh's rulers does not appear to have the endorsement of Peking, the principal source of economic and technical assistance for a country devastated by war and the reve-lutionary policies followed by Cambodia's postwar rulers.

Cambodia has been a difficult ally for China. At a time when China is turning away from its earlier radicalism and pursuing a good-neighbor policy toward the rest of Asia, its best friend in Indochina is surpassing it in internal revolutionary zeal and an adventurous foreign initiative, which, because of its inherent weakness, it cannot bring to a successful conclusion.

China has limited its public. expressions to urging a negotiated settlement and sending a highly respected public figure, Chou en-Lai's widow, Teng Yingchao, to Phnom Penh to speak about nonaggression and respect for territorial integrity. Peking is thought to fear that outright s poort for Cambodia's case against Vietnam would drive Hanot into an even closer relationship with Moscow.

Last Sunday's peace proposal by Vietnam, offering the establi-hment of a demilitarized zone on both sides of the border and international supervision and guarantee of an agreement, viewed by many as a clear chal-lenge to Pekin, the only nation with substantial influence in Phnom Penh, to bring its client to the negotiating table.

No Cambedian Reply So far, Phnom Penh has not replied specifically to Hanoi's proposal, although it charged in a at vietnam was committing "barbarous aggression" while calling for negoth tions,

There is speculation here that the Vietnamese peace plan might be Hanoi's last move before a renewed thrust into Cambodia, urless the offer results in negotiations. It is noted here that Defense Minister Vo Nguyen Giap and the military commander in scuthern Vietnam, Gen, Tran Van Tra, inspected the border region late last month.

Another Technological Breakthrough from SEIKO

The LC Digital Quartz

ALARM CHRONOGRAPH

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SU MO TO WE THER SA



CRITICAL APPRAISAL—At a military training base at Gwelo, 170 miles southwest of Salisbury, Rhodeslan Prime Minister Iao Smith reviews an officer cadet, one of 18 commissioned Friday into the army. In the background, right, Lt. Gen. John Hickman, the commander of the Rhodesian Army, watches proceedings.

namese in advance, as required

under sgreements with the UN.

As expected, he received solid

support from Communist bloc

nations, including the Soviet

"I request the committee to ex-

amine and clarify this matter and to intervene with the gov-

ernment of the United States to

sholish this unjust decision . . .

and to put an end to an abuse

on the part of the host country:

A 1947 agreement between the

United States and the UN gives

Washington the authority to ex-

pel a foreign diplomat without

having to justify the order.

Mr. Leonard said that on Feb.

situation with the Vietnamese [UN] mission, but after an ini-

tial contact . . they refused to

discuss the situation further with

us. We did exchange views with

Mr. Thi said Mr. Leonard's ver-

med was that U.S. Deputy Am-

sion was "false," Rather than consultations, he said, what hap-

bessador Donald McHenry show-ed up at the Vietnamese mission

"in order, he told me, simply to

(From vesterday's late editions.)

transmit an oral message from

his government."

Vietnamese Embassy in

"we attempted to discuss the

Union and Cuba.

U.S. and Vietnam Clash in UN Salisbury Talks On Legality of Envoy Ouster

UNITED NATIONS, N.Y., Feb. (UPI).--Vietnam and United States clashed in the United Nations today over whether Washington acted illegally in ordering Vietnam's sador to the UN, Dinh Ba Thi, expelled from the country

for spying. Mr. Thi said the U.S. idea of "prior consultations," as is required in such cases under agreement between the United States and the world body, amounted to nothing more than a knock at his mission's door and an "oral message" from a U.S. representative accusing him of involvement in a spy ring.

Mr. Thi asked the UN to intervene with Washington in the

U.S. delegate James Leonard. told the UN committee on relations with the host country that Washington had tried to discuss the issue with the Vietnamese in advance, but that "after an initial contact on Feb. 1, they refused to discuss the situation further with us."

Mr. Leonard also indicated that the United States had no intention of backing down on the expulsion order, issued by the State Der-tment last Friday. Mr. Thi, who first vowed to remain at his UN post in defiance of

the order, has been instructed by Hanoi to return home. "My government hopes a new permanent representative [from Vietnam] will be named shortly and that this unfortunate matter will be closed," he said.

Mr. Thi, whose country is the 149th and newest member of the UN, became the first ambassador in the 32-year history of the world body to be ordered out of the United States.

The expulsion order was issued after a federal grand jury in Alexandria, Va., named Mr. as an unindicted co-conspirator in a case concerning an espionage ring conducted by U.S. Foreign Service officer Ronald Humphrey. Mr. Thi took his case to the host country committee, charging Washington's action was an "illegal decision" because the United States did not consult the Viet-

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world leader in quartz. Seiko Quartz.

To Agreement

Three of the participating delegations have already agreed that a future 100-seat parliament

Bishop Muzorew's organization will hold a "consultative assemgroup give in to the other delega-tions on the issue.

Seen Closer

SALISBURY, Feb. 10 (UPI) .-In talks free from the hostility of previous days, delegates to the internal majority-rule settlement conference today revised a draft agreement that participants say could be signed next week.

Conference sources said, however, that the issue of white par-liamentary representation under black rule was set aside for the

should have 28 white members elected directly by white voters.

But the fourth delegation, Bishop Abel Muzorewa's United African National Council, has advocated having 30 whites elected directly by Rhodesia's mostly conservative whites and eight others by both white and black voters.

bly Sunday, at which the hierarchy will ask their supporters whether they favor having the

Moscow Brands Ouster of 13 As Provocative Canadian Act

(Continued from Page 1) tions between the two countries."

Tass said this was explained by the fact that the reputation of the Canadian intelligence services "has become quite tarnished"-apparently a reference to a recent scandal over domestic spying by the Royal Canadian

Canadian diplomats, waiting for possible retaliation by the Krem-lin, said there had been no word om the Soviet authorities. Diplomats expected the Soviet government to wait until after the

ekend, and possibly longer, before announcing any action such as the expulsion of Canadian officials working here.

When Britain barred or ex-relled 105 Soviet officials in 1971, the media here reported the action two days later and Moscow retaliated two weeks later by expelling 4 British diplomats and forbidding 10 others to return. The Canadian Embassy has 13 diplomats. 3 military attachés and 26 nondiplomatic personnel. Ambassador Robert Ford has served in Moscow for 14 years and

No Permanent Rift Seen OTTAWA, Feb. 10 (Reuters) Canadian Prime Minister Pierre Elliott Trudeau said today that the alleged Soviet spy ring was a blot on relations between he countries but would not lead to a permanent rift.

is dean of the diplomatic corps.

played down the long-term effects of the scandal. Mr. Trudeau said: "You can continue to have good relations with a person who has not been

At a news conference here, he

very nice to you on some occa-

Discovery of the spy ring was a "disturbing thing to friendship . but I don't think it will prevent us from continuing to try to have good relations with the Soviet Union." "I don't see it as the end of our

relations in any sense," he said. Mr. Trudeau also said he did not expect the KGB to stop spying, "and we will continue trying to prevent them."

External Affairs Minister Don Jamieson said today that four of the Russians were ordered to leave Canada by next Monday and the other nine were given until Feb. 23 to depart.

Thousands of Agents'

TORONTO, Feb. 10 (Reuters). -Soviet defector Igor Gouzenko, the central figure in a spy scandal 30 years ago, was quoted as saying today that there were probably thousands of Sovietrecruited agents at large in Can-

Mr. Gouzenko, now 58, defected in Ottawa in 1945 with documents enabling Canadian security services to crack a major spy-net-

The former Soviet cipher clerk, who is living in Canada under an assumed name, was interviewed by the Toronto Sun newspaper-He was quoted as saying that he had had access to only one of nine Soviet spy rings operating in Canada in 1945.

"Since the other spy rings had the same policy of recruiting Can dians to work for them, there muse be thousands of agents loose in Canada," he said in the inter-

Ethiopia Appeals to Somalia To Abandon Battle in Ogađen

(Continued from Page 1) ports said that fresh detachments of Cuban soldiers were heading for the front.

According to Western intelligence, about 3,000 Cubans and 1.500 Russians are fighting on the Ethiopian side, In Peking, the Somali Embassy

said that Russian and Cuban troops were commanded by Soviet Gen. Grigory Barisov, previously a military adviser in So-

The statement said that the Russians were mouning tanks and flying bombing missions, while the Cubans were in charge of artiliery and were also being used as airborne troops.

The . So mall government of President Mohammed Blad Barre expelled all Soviet and Cuban military personnel late last year. After renouncing his friendship treaty with Moscow, President. Sind Barre appealed for Western military aid.

He has accused Moscow of planning an invasion of Somalia to establish a Soviet presence in the Horn of Africa, on the West's oil route through the Red Sea,

Israeli Aid Denied LONDON, Feb. 10 (Reuters) .-Ethiopia denied yesterday through its embassy here that it is recelving arms supplies from Is-

Israeli Foreign Minister Moshe Dayan told an Israeli radio reporter in Zurich Monday, "We are selling arms to Ethiopia. We have had cooperation with Ethiopla for years and years."

Yesterday's Ethiopian statement called Mr. Davan's declaration a deliberate and sinister act designed to isolate Ethiopia from the progressive Arab world and drive wedge between Ethiopia and the Socialist world."

TEL AVIV, Feb. 16 (NYI);— two film companies had made inquiries about getting rights to

Israel's political arm conceded today that it could not interfere with decisions by an independent broadcasting authority as to what should be screened by the state-owned television station.

A statement today by the parliamentary Education and Culture Committee opened the way for the screening of a controversial film depicting the banishment of Arabs across the border by Israeli soldlers during the Palestine war of 1948.

The screening had been approved by the broadcasting authority and scheduled for telecast last Monday. But two deputies protested in the Knesset (parliament) that the film served anti-Israel propaganda and they called for a debate. The Knesset, at the recommendation of Minister of Education Zevulun Hammer, directed the Education and Culture Committee to take up the matter after the members see the

Shortly before Monday's scheduled telecast, Mr. Hammer ordered the performance postponed. Intrusion Protested

The directors of the broadcasting authority protested political intrusion into their area of competence and refused to arrange a showing for the committee. Some members, including the committee chairman, Abaron Yadiin, said they did not want to see the film because they obected to political censorship.

The resultant scandal and the attempt to suppress the story boomeranged ...

One newspaper here began serializing the short story by Izhar Smilansky on which the film was based. An Arabic newspaper in Jerusalem said it was applying for serialization rights. News media here and abroad sought out veterans of the 1948 war for accounts of instances of misconduct soldiers similar to that described in the suspended film.
A report from California said

U.S. Issues **Rights Report**

in widespread political repres-sion, intimidation and imprisonment of political foes.

Elsewhere in the region, the reports find detentions without trial to be problems in Indonesia. Malaysia and Singapore. Conditions in Thailand are described as improved despite the conilnued authoritarian nature of the military regime there.

Africa: The reports find a general pattern throughout the continent of one-party states or military dictatorships where severe restrictions are placed on political activity and expression. This, the reports find, leads to frequent abuses, particularly arbitrary detentions of political dis-

This pattern, the reports say, is true even of countries like Tanzania "that talk a lot about human rights on the international 'acene."

However, the reports note countries - Botswans Cape Verde, Gamhia, Liberia, Mauritania and Upper with good rights records.

Volta-Latin America: Allegations of widespread abuse, sometimes involving murder and torture, continue against such military dictatorships as Bolivia, Paraguay,

Nicaragua, El Salvador, Guatemale. Uruguay and Haiti. The reports portray Uruguay as being particularly resistant to pressures for reform, but note some im-provements in Nicaragua, El Salvador and Haiti Europe: This is the area with

the brightest record. The reports say respect for liberties remains high in the traditional democracies and note either a full restoration of rights or rapid movement in that direction in such former problem countries as Spain, Portugal, Greece and

Bid to Ban Israeli TV Film On 1948 War Boomerangs

film Mr. Smilansky's story there. Opponents of the screening conceded that the minister's action in suspending it had brought more attention to the allegation of Jew-

ish atrocities in the 1948 war than

the film would have drawn if it had been shown. Events Not Disputed

The critics did not dispute that the events portrayed in the film had actually happened, but claimed that acts committed in the heat of the 1948 war were far from typical. Accordingly they said the television film gave a distorted image of the character of the struggle for Israel's inde-

In originally approving the film the broadcasting authority decided the telecast should be followed immediately by a panel discussion by experts to put the inci-dents portrayed in proper context.

The 31-man plenary of the broadcasting authority scheduled an extraordinary meeting for Sunday, which is expected to reschedule the telecast. The body was appointed by the former minister of education, Mr. Yadlin. Its term of office expires in April, and Mr. Hammer is empowered to appoint a new body.

Egyptian Says N. Koreans Had ²73 War Role

TOKYO, Feb. 10 (UPI), Egyptian Vice-Premier Haser el-Tohamy confirmed toda what has long been suspecte by the United States and 1 rael - North Korean fights pilots fought for Egypt i the 1973 Arab-Israeli war.

Mr. Tohamy, who is visitin North Korea, thanked tha country for its help in the war during a news conferen in Prongyang.

"The stand of your count toward our people in 19 when we fought down the en my was a historic stand." M Tohamy was quoted as sayin "Heroic Korean airmen pa ticipated in the struggle defend our territory 21 (North Korean) President Ki Il Sung strongly supported t. struggle of our people at th time."

The Israeli governme charged in August. 1973. abo two months before the Ara Israell war, that 10 to 20 Nor Korean pilots were flying M: fighters supplied by the Sor:

Sadat to Meet With Peres, Kreisky Saturday in Austria

between Israel and Egypt," Mr. Feres said, "we would have solved it a long time ago. But other Arab states are involved. It is hard for Israel to have a divided peace."

Mr. Peres said that Soviet pardicipation in the peace process was not important for negotiations with Egypt and Jordan but that the Russians could be expected to take a more active role when it came to discussions between Israel and Syria.

Mr. Kreisky told a Vienna newspaper today that Israel's policies must be fundamentally changed. "The more inflexible they are, the less understanding they will

find in the world and the greater

will be Ikrael's isolation." he Originally, Mr. Sadat was due to spend about four hours in Salzburg for talks and hunch with the Austrian Chancellor before going to Bucharest. He is scheduled to have meetings with

Israelis Cut Back Orange Harvest

Romanian President Nicolae

TEL AVIV, Feb. 10 (Renters). -Citrus picking in Israel has een cut by 30 per cent because of the low demand in Europe where poisoned orange have been discovered, the Israel Citrus Marketing Board said today.

A spokesman said there were signs of an increase in demand in Europe, but he could not say when sales would reach their normal level

Oranges containing small amounts of mercury have turned up recently in Holland, West Germany and Britain.

The Palestine Liberation Organisation has denied any connection with the poisoning of Ismeli oranges but an organization calling itself the "Arab Revolutionary Command" has claimed responsibility for injecting the fruit with mercury. A PLO spokesman has denied any knowledge of the group.

2 Held in Casablanca

CASABLANCA, Morocco, Feb. (AP).—Two men arrested at Casablanca airport were trying to smuggle \$100 million worth of forged U.S. currency into Moroc-co, police said today.

Mr. Kreisky said that he suggested the Sadat-Peres m ing because there was a need on both sides for con The Socialist Internati meeting Sunday was arranged Mr. Kreisky to give party (cials from 20 nations an or tunity to exchange views on

New Fightin In Lebanon

(Continued from Page today appealing for steps to the new fighting.

The front "regrets the incid of the last few days in B and suburbs, particularly as take place with friendly fo which entered Lebanon with agreement of its legal authorit the communiqué said.

It called for a joint inves tion committee to determine t responsible. "The front appeals to all tions, friends and partisans

restraint and vigilance to pro saboteurs from exploiting mysterious conditions in t they are trying to compre Lebanon," it said The communiqué did not

orate on the identity of the that Mr. Assad and Lets President Elias Sarkis would measures to end the fightin-

The leftist newspaper As & usually well-informed on S affairs, reported today that i ident Assad had demanded dissolution of the Lebanese A which is being re-established it split into at least four factions during the civil wa "The Lebanese Army in its

ent composition is a fact

and splinter army. It is n national army," the paper of the Syrian President as se This army therefore must be solved so a new one can be b No confirmation of the ri was available. If it proves a protracted conflict could follow. Mr. Assad is likely to into stiff opposition both officers of the new army and rightist militias, who feel many conservative army off

share rightist views. Kamei Assad, speaker of I non's 99-seat parliament, t expressed optimism. "There indications of a solution and hope that the results will speedy," he said.

Regime Winning Ethiopian Terror Campais (Continued from Page 1)

prone on the sidewalk on Tessema Aba Kemov Street, arms crossed on chest and signs in Amharic lettering draped from neck and feet. He had been shot in the head. Twenty persons scattered as

the correspondents approached, leaving only an armed watchman from the Kebele—the local revolutionary unit—who stood at attention with his rifle shouldered, ike a guardsman at Buckinh Palace:

The executions are carried out by the city's 291 Kebeles, which maintain "revolutionary defense squads" to ferret out counterrevolutionaries in their own neighborhoods, and also by a new counterinsurgency team that reports to Maj. Getachew Shibeshi. a member of the roling Provisional Military Advisory Council, known as the Dergue.

Raids During Curiew Typically, the squads raid a house during the curfew hours, midnight to 5 a.m., and drag off a suspected member or sympa-thizer of the Ethiopian People's Revolutionary party. If he is not executed immediately, he is likely to be interrogated, either in the Kebele's own jail or at the central prison of Akaki, which is crowded with prisoners who spend their

Often, the suspects are secondary school students, where in the past the revolutionary party drew much of its support and recruited

time playing cards and awaiting

death.

supporters to spread leaflets and take part in demonstrations. "We're talking about kids," diplomat said. "They're 10, 11, 13 years old. They pull a kid in and he gives them names of other -it could be someone that he had a fight with at school that day."

Government officials say that "only hard-core" counter-revolu-tionaries are killed. They point out that a new policy of rehabilitation has begun, in which thousands of suspected terrorist supporters are sent to camps in the countryside for work and political indoctrination.

Alongside the terror, the government is pressing an amnesty campaign, in which "agents" of the revolutionaries are urged to "expose" themselves. Last Sunday, 617 did so at a public gathering of six Kebeles, according to the Ethiopian press agency. But foreign diplomats believe

Cambodian Raiders Kill, 2 Thai Marines

BANGKOK, Feb. 10 (AP)_ About 50 Cambodian soldiers attacked a That border post on the Gulf of Thetland, killing two That marines and wounding 12 others. border police headquarters said

Police said patrol boats and helicopter gunships helped drive the Cambodians back across the border after four hours of fight-

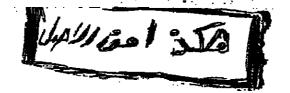
that the level of violence m worse than ever—worse than April and May when pro-got ment and anti-government & were shooting each other in streets in daylight and gov ment soldiers sprayed mach gun fire into a student den

A West European diplo emerged from his embassy t pound recently to find a 15-9 old boy dead on the side Another saw 20 bodies piled behind the building of the istry of Interior. On Jan. uniformed soldlers climber wall of the embassy of the H erlands and seized the two # aged daughters of the smit dor's driver. One of them evidently been freed.

The difference between tow last spring is that most of violence originates with the ! ernment.

Aside from the administra of Kaffa Province, who was it here several weeks ago, the assassination of a major gort ment figure—a member of Dergue—occurred on Nov. 2 le bele leaders are still targets, ht ever, and one or two of them each week.

6 Miners Dead in Africa. JOHANNESBURG, Feb. (UPI) —A rockfell at Go Mining's Buffelsfontein gold in killed six miners and injured cthers, two of them serious's company official said yesterd



Senate Panel Proposes Bill To Curb Spy-Agency Abuses

The Senate Select Committee E. 1 Intelligence vesterday propos-ci. 1 a sweeping legislative package est would, for the first time, rearucture and centralize the U.S. ic telligence suparatus and close in me of the hopholes that led to The proposed legislation is the

rat comprehensive congressional ttempt at bringing the sprawling itelligence community under one " of since much of it was set up 1 1947 under the National Searity Act.

In addition to setting out an dministrative framework under TA Director Stansfield Turner as director of national intelligence," ne new bill would provide a series Old checks by Congress, the Naresident on U.S. Intelligence acvittes at home and abroad.

At a news conference, Sen irch Bayh, D-Ind., chairman of he Intelligence Committee calld the proposed legislation and ther recent steps to codify na-onal intelligence "the most siglificant protection of American berty since the Bill of Rights it-

Parallels Carter Order The committee's legislative ackage closely parallels President latter's Jan. 24 executive order eorganizing the intelligence agen-lites on an interim basis while the enste committee finished up

: The seven-part, 200-page docu--- ent prohibits certain types of overt action by the CIA such as assassination, terrorism, torture, he mass destruction of property, restion of food or water shortges, or epidemics, the overthrow democratic governments or the upport of actions which violate uman rights by police, foreign atelligence or internal security orces of foreign countries."

he CIA's involvement in overhrowing non-democratic nations The new legislation does allow utelligence agency bugging and

Like Biscuits, Some Children May Also Rise

SAN FRANCISCO, Feb. 18 (Reuters). -- Common baking soda can cure stunted growth in children resulting from a kidney disorder that causes too much acid to accumulate in the body, according to researchers at the University of California.

Dr. Elizabeth McSherry, of the university's General Clinical Research Center here, told reporters yesterday that the effect of the cure on some children suffering from the disorder-renal tubular acidosis—was so dramatic that they won places on college athletic teams. She said the kidney condition causes large amounts of alkaline sodium bicarbonate (baking soda) in the body to be excreted and wasted.

But Dr. McSherry warned Darents who noticed low or impaired growth in their children not to try the treatment themselves.

By Bill Richards te, WASHINGTON, Feb. 10 (WP). break-ins under certain circumstances when they are approved by Congress and the president. It also puts Congress in the

unique position of considering a law that would authorize the atterney general the top legal official in the nation, to grant an intelligence agency permission to violate federal, law. That could happen if the in-

telligence agency promised not to commit an act of violence or violate another part of the new legislation. Requests could be made to the attorney general in cases of espionage, terrorism or assassination.

Among the portions of the new congressional bill that go beyond President Carter's intelligence executive order are:

· Granting the FBI statutory intelligence agency status, which it now lacks. This new status would put the FBI under the same umbrella of legislative restrictions proposed for other intelligence agencies. An exception is the burean's controversial do-mestic intelligence activities, which are the subject of a separate intelligence committee bill

now being prepared.

• Protection for U.S. citizens and resident aliens, in he United States and abroad, from electronics eavesdropping or mail opening by intelligence agencies without a court order based on criminal identification. Currently the attorney general can authorize surveillance in the United States without a court order on

national security grounds. · A formal charter for the National Security Agency, making it accountable to Congress for the first time since President Harry S Truman created the agency by a secret order in 1952.

The committee dropped from its bill any mention of making public the U.S. intelligence budget and apparently compromised on two other areas which have been the subject of recent bad publicity for the intelligence community:

• Intelligence agencies will be allowed to continue experiments on humans. But under the bill any subjects of experiments must give the same type of informed consent as is required of all other government agencies.

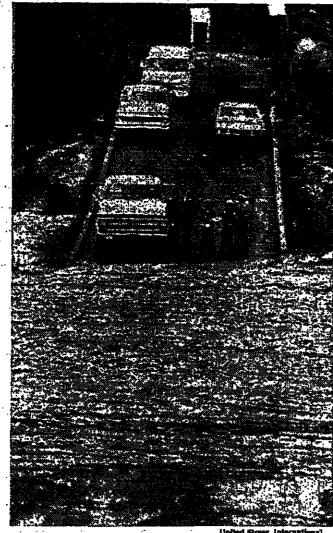
• News representatives and clergymen will be barred from accepting pay for intelligence assignments under the bill but not stopped from working for intelligence agencies on a voluntary

The committee's proposal also bans any federal employee from knowingly revealing the identity undercover intelligence agent if the agent could be harmed. That section, committee staffers said, was designed to prevent Philip Agee, the former CIA agent who identified several active agents in a book after he left

Fiat in U.S. Recalling 26,600'75,'76 Models

WASHINGTON, Feb. 10 (AP). Fiat is recallin g26,600 of its 1975 and 1976 Fiat-131 models to potentially defective throttle control mechanisms, the National Highway Traffic Safety

Administration announced today The problem involves throttle returns springs that could break, causing the throttle to stick in an open position and making it difficult for drivers to control the speed of their cars.



GOING NOWHERE—An access road to Big Tujunga Canyon near Los Angeles was cut off when officials opened gates of a reservoir to ease pressure on dam. Several homes in area were cut off, but none flooded.

Flooding, Blackouts in Calif.

Heavy Rain, Snow Lash West As Northeast Still Digging Out

BOSTON, Feb. "10 (AP).-Airlifted Army troops cleared snow in the Northeast, heavy snows blanketed Montana and Idaho, and police were awamped by calls about mudslides, power failures and flash floods in southern Cali-

Electrical power was interrupted for up to several hours from Senta Barbara to San Diego, as the latest in a series of rainstorms lashed that region for the second

The Los Angeles Police Department ordered all personnel to remain on duty overnight to handle weather-related emergency calls. A flash-flood watch was issued for San Luis Obispo and northern Santa Barbara countles as streams

By early this morning, the third storm to hit the area this week had dropped 3.39 inches of rain at the Los Angeles Civic Center, inches more than twice the normai account. Mostly sunny weather was forecast for the weekend. but another storm could reach the

state Monday or Tuesday. In the East, a full day of sunsshine yesterday began to cause some thawing. In Boston and most of eastern Massachusetts, a state of emergency, however,

remained in effect. More than 10,800 Army troops, National Guardsmen and state and local workers used heavy equipment and shovels to free mor than 2,500 cars packed in the snow on Boston's beloway. The work was expected to contime into next week. Military personnel also worked on roads in Connecticut and Rhode Island, Gov. Michael Dukakis in extending his state of emergency order through today, said "We have made very substantial progress, but we have a very, very long way to go."

Montana Disaster Area In Montana, National Guard troops cleared snow from previous storms as new snow fell. Some isolated communities reported absences or shortages of fuel and food. Gov. Thomas Judge yesterday declared eastern Montana a aster area.

In the Sun Valley, Idaho, area as much as 23 inches of new snow fell in a 30-hour period, blowing and drifting snow were reported

There were snow flurries and strong winds in the Midwest, Seven school buses traveling in fog on Indiana highways were involved in six separate crashes today, authorities said. At least minor injuries.

Dr. John Gauerholz, assistant medical examiner in Rhode Island, said today that 15 person mostly elderly, died in this week's blizzard. He attributed 14 of the deaths to heart attacks and the other to asphyxiation.

A heavy snow warning was nost ed for parts of Nevada. A winter storm watch was in effect for the central mountains of Arizona

4 Die in U.S. Crash

PITTSBURGH, Feb. 10 (AP). -A crowded commuter bus collided with a trolley south of downtown Pittsburgh during the morning rush hour today, killing four persons and injuring at least 23 others, authorities said

Proposes Treaty to Senate

Carter Seeks World Checks on U.S. Nonmilitary A-Sites

By Don Irwin

WASHINGTON, Feb. 10. resident Carter proposed a reaty yesterday to subject U.S. commilitary nuclear installations o inspection by the International tomic Energy Agency. In submitting a draft treaty to

he Senate for ratification, Carer noted that the commitment sas first proposed in 1967 by ormer President Lyndon Johnon as a step to assure compliance ith the then-pending nuclear conproliferation treaty.

The proposed treaty would suplement legislation that won sional approval yeserday. The bill is designed to urb the spread of miclear weapat by tightening controls on nuclear exports from the United states, which is the world's argest exporter of such mater-

The new measure would, require he 30-odd nations that buy luclear material from the United States to abide by safeguards ieveloped by the International Monic Energy Agency and to termit the agency to inspect heir nuclear facilities within 18 nonths. It would cut off exports

OME OF 7在



GRAND HOTEL ZURICH Living in the Grand Style. HARTIPATE 65, 2032 ZBRICK

of nuclear materials to any nation that used them for weapons

Ninety nine nations are now parties to the nonproliferation treaty, which requires signatories to agree to inspections of nuclear facilities by the International Atomic Energy Agency.

Exempt from this requirement, however, are three signers that nuclear weapons—the United States, the Soviet Union and Great Britain-as well as nations that did not sign. Among the nonsigners are France, China and India, all of which have detonated nuclear devices.

Jessica Tuchman, a National Security Council arms control specialist, stressed the "symbolic" importance of the proposed treaty in persuading some holdout nations to sign the nonproliferation treaty.

"One of the major reasons why some countries have hesitated to

that the inspection requirement that it demands of them will put them at a commercial disadvantage—and it's hard for us to don't have to do the same thing."

Not a Disadvantage

The proposed treaty would not put the United States at a commercial disadvantage, Dr. Tuchman said. However, she said, it probably would require utilities using nuclear power to revise their reporting procedures to comply with the "very comprehensive system of accountng," required by the international agency.

Dr. Tuchman rejected suggestions that the treaty had been proposed as part of a campaign to persuade India that the nonproliferation treaty does not discriminate in favor of the major nuclear powers. In his message, President Car-

plication of International Atomic Energy Agency safeguards to U.S. nuclear facilities "other than those having direct national security significance. The language is the same as

that used by Mr. Johnson when he proposed in 1967 to "make it clear to the world" that the Tinited States was "not asking any country to accept safeguards we are unwilling to accept our-

His proposal, like the one submitted by Mr. Carter, would have the international permitted agency to inspect both government and private nuclear activities, including the fabrication use and reprocessing of fuel used in power reactors. The Carter administration already has blocked full development of a fast breeder reactor that would produce weapons-grade plutonium as a byproduct.

C Los Angeles Times,

Blazers are more like jackets this year

THE classical navy serge blazer (F 890) will never look out of date. But there is a trend back to a jacket style, mostly in tweed, with English patterns or Prince of Wales style checks (F 1150). For blazers, Lanvin 2 has some new, richer, more

comfortable fabrics this year: wool and cashmere, for instance (F 1690), or even pure cashmere (F 2390). If you prefer something a little more casual, there's a model in bouclé wool for country wear

Our very latest offer is a dress blazer in fine navy corduroy (F 1150).



'Mismanagement' Cited

Congress Strafes AF on Computer

By Bernard Weinraub

WASHINGTON, Feb. 10.—A congressional panel has sharply associati the Air Force for "goods mismenagement and insipid deerlembly" in failing to comply with a corressional order to terminate a computer system.

At the same time, the House Appropriations Committee accused Defense Secretary, Harold Brown and his predecessors of "completely ineffective" inspection efforts involving the compuser project and castigated Mr. Brown's staff for "useless" efforts and "prolemged prograstica-

The criticism, in an 89-page report obtained by The New York Times, marked the shappest and most detailed stack on the Air Force and the defense department over the controversial computer system, which was designed to keep track of aircraft repairs.

Called "project max," the \$41militan program was part of an overall \$800-million advanced logistics system that the Air Force hoped to tostell as a manement tool for aircraft logistics and repair. Three years ago, Congress told the Air Force to terminate the effort, which has enconntered various equipment and program failures.

Development of Project Max the most controversial part of the system, continued without approval for nearly a year, how-ever, and much of the program is still going ahead, the report indicated.

Gross Mismanagement. "The bureaucreile fumbling and delay that constituted what should have been an uncompli-cate<u>d task . . . gives inference</u> of gross mismanagement and insipid leadership in a military organization otherwise construct

as efficient and highly motivated," said the report. The only reason the investigative staff can perceive for continuation of work on . . . Project Max is that it was progressed to the point where full implementa-

tion is possible by July 1978," the report added. Responding to the criticisms in the report, Air Force Secretary John Stetson sent a three-page letter yesterday to George Mahon, chairman of the House Appro pristions Committee "We do take strong exception to the allegations in the report concerning Air Force attitudes and motives,

Mr. Stetson said. Project Max had been termin-ated, he said and work had begun the other recommendations in the report.

"I assure you that we will, in preparate with the desires of the Congress, expand every ef-fort to provide the Air Force with efficient and effective ADP services." Mr. Stebson said.

The report itself is laced with

Air Force and of some of its commands and officers as well as the defense secretary's inspection apparatus, present and pastin the view of the committee, The inept and lackinster per-

U.S. Seeks Witnesses To A-Tests

WASHINGTON, Feb. 9 (Reuters).-The U.S. Defense Departent today began an international search for up to 300,000 persons who attended nuclear weapons tests in the late 1940s and 1950s to see if they had developed cancer.

A Pentagon statement said that

the search was "to determine if

there are any health hazards in connection with the tests," Defense Nuclear Agency (DNA) spokesman, Lt. Col. Bill McGee, said that "cancers are what they are looking for." Colonel McGee said that only incomplete lists were available of

the estimated 300,000 civilian and military people who attended the tests, held in the Pacific and in Nevada from 1946 to 1957. 8 Cases Reported

He said that the search came after eight cases of leukemia were discovered among the estimated 2.100 to 3.200 persons who attended nuclear tests at the Nevada test site near Las Vegas, on Aug.

Col. McGee said the names would be passed on to the Centre for Disease Control in Atlanta, Gs., and to the National Academy of Sciences in Washington. He said the names of approxi-

mately 90 Canadians who attended the Nevada test had been given to the Ottawa government.

The United States stopped nuclear tests above ground after

concluding a nuclear test ban treaty with the Soviet Union in The DNA spokesman said that just before the treaty a number of atmospheric tests were carried out in the Pacific with British

U.S. Ex-Soldier Dies BOISE, Idaho. Feb. 10 (AP) .-Paul Cooper, 44, the ex-service-man who claimed his leukemia was caused by his close-range observance of an army nuclear explosion 20 years ago, has died, a spokesman for the Veterans

participation.

Mr. Cooper had been hospitalized on and off for the past year with leukemia. He was the first of several veterans to claim that in the Nevada desert caused leu-

Administration Hospital said yes-

Force in its failure to comply with congressional direction is indicative of organizational paraives rather than any concerted effort to dely Congress."

The Air Force Logistics Command, "historically inept in ADP (automatic data processing) development, continue<u>d an</u> unblemlished record even in the simple task for divising an intelligible plan for interim work." report noted that the logistics command was riven with "intolerable administrative defidency" that "borders on insubordination.

Project Max in itself, "a legitimate candidate for termination es directed by Congress," was found to "collect and disgorge reams of data which will be most impressive but of little practical Although the report forms that

the office of the secretary of defense had made some effort to house that the Air Force complied with Congress, it said "inspection efforts were com-pletely ineffective, principally because of the lack of interest by OSD (Office of Secretary of officials in possul findings by its staff and the negative attitude of the Air Force in accepting OSD criti-

The report added: 'Prokonged prograstination by OSD in providing any guidance or direction to the Air Force . . has rendered OSD staff efforts useless." It was not until last June, said the report, that the defense secretary's office began taking

ction involving Project Max

But, the report indicated, little bas actually been done since then and "no specific guidence" has been lesued by Mr. Brown's office to the Air Fonce. Ernest Pitzgereld, a Pentagon mployee who was thred in 1969 after revealing cost overruns of

made Project Max an issue. Mr. Fitzgerald says the Air Force is proceeding anace with a similar project under another Actual Hour Accounting
"It looks like Max, talks like Max, quacks like Max,"

Mr. Fitzgerald said. "It is Max."

U.S. Women, 60, 61, **Held as Smugglers**

SYDNEY, Feb. 10 (UPI).-Two American women have been charged with smuggling about two tons of hashish into Aus-60, and Vera Todd Hayes, 61, were identified yesterday when a federal court here refused to

grant them ball. They were arrested by federal parcotic agents in Gosford, New about two tons of hashish valued at \$19 million



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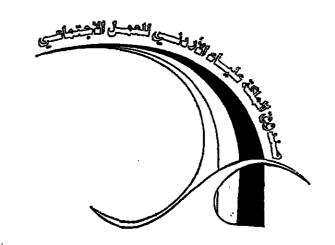


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Because of Economic, Political Difficulties

Prague Edging Cautiously Toward West

By David A. Andelman

PRAGUE, Feb. 10 (NYT) .-Czechoslovakia's still highly conservative and isolationist Communist party and government appear to be taking the first hasitant steps toward an opening to the West-a move dictated by a series of pressing economic and political problems that have been growing more scute month by

Csechoslovakia would be the last East European country to take adventage of the invest-ment funds and advanced technology available in the United States and Western Europa. There is also the possibility that by dealing with the West, Prague could expunge at least part of the conservative image it has gained since it retreated into

isolation 10 years ago.

To this end there have been the following tentative moves that most Western diplomats believe could, if they prove suc-cessful, expand during the rest Contact our Representative in of the year:

 In late spring or early summer, probably in June, Gustav Rusak, the President and secre tary-general of the Communist pasty, will visit West Germany his first visit to a Wester country since coming to power 10 years ago. In December, Premier Lubomir Strongal paid his first state visit to Austria.

• Last August a \$150-million lcan was arranged through a consortium of Western banks that included, for the first time, four U.S. banks, At the same time, there has been a sharp in-crease in the importation of Western technology, particularly from West Germany, Czechoslovakia's largest Western trading partner.

· In the next several months, Czechoslovak and U.S. diplomats hope to reopen discussions on the most bitter issues outstanding are claims by U.S. citizens for compensation for property seised by the Communist government, and the large reserves of Czecho slovak gold held by the United States since World War II.

Final Stages

The final stages of take on cultural and scientific exchange pacts are also under way between the two countries and a prelimi-Dary protocol has been agreed upon. Czechoslovakia is the only East European country not to have a cultural-scientific change agreement with the Unit-

Despite all these signs of movement, there is still no solid evidence that the Czechoslovak leadership, which most Western diplomats believe is still severely divided on the issue, has decided wholeheartedly on an opening to the West,

There are many diplomats, both Western and Eastern, who

believe that aucoess in these early eppresents could substantially strengthen the hand of the small liberal faction within the leaderabip of the party. On the other hand, any dramatic failure could give the still apparently dominant conservative faction un opportunity to reassert its tradithonally isolationist tendencies.

The most immediate cause of the opening to the West seems to be a growing sense of desperation about the economy.

Unable to Compete Czechoslovekie emerged from World War II with perhaps the most advanced industrial establishment still intact in Eastern and Central Europe, But, during the hest 30 years, little of it has been replaced or modernized. Now, much of it is either obsolete or obsolescent. Its output is increasingly unable to compete in Western markets and of even more immediate political importance unable to satisfy the

Caechoslovak consumer. As a result, sension officials of the State Planning Commission. said last month, between now

Dr. Andrew Ivy Dies; Advocated Krebiozen Use

CHICAGO, Feb. 10 (Reuters). -Dr. Andrew Ivy, 84, whose defense of the cancer drug Krebiosen tarnished his reputation spected medical researcher, has died here after a long illness. Dr. Ivy, who died Tuesday, was the center of a nationwide controversy in the 1950s and 1960s because of his advocacy Krebiozen, introduced into the United States by Yugoslav physician Dr. Steven Durovic.

Debate surrounding the drug, which was denounced as worthless by the U.S. medical comreached a peak when Dr. Ivy and Dr. Durovic were indicted on charges of mail fraud and conspiracy. They were found not guilty in 1966. Escriier, Dr. Ivy had won a reputation as an outof liver, gall bladder and hor-

Warren King

NEW YORK, Feb. 10 (UPI). Editorial cartoonist Warren King whose illustrations appeared in the New York Daily News for two decades, died Wednesday at his home in Wilton Conn.

Karl Borge Raavad KUALA LUMPUR, Malaysia Feb. 10 (AP) -The Danish ambassador to Malaysia, Karl Borge Resavad, 66, died of a heart sttack at a private hospital here, a Danish Embassy spokesman said

year development plan, in 1980, as much as 40 per cent of all domestic investment will have to go to replace and modernize plant and equipment, and at least \$3 billion worth of equipment and technology will be imported from the West.

Western economists, however. put the country's needs even "Seventy per cent of hieher. their plant and equipment now is obsolete or obsolescent," said one such observer, "and if they're getting the replacements from other Comecon countries, all they're doing is replacing obsolete with obsolescent." Comecon, the Council for Mutual Economic Assistance, is the economic association of Soviet-bloc countries.

"The next seven years are most critical for our country," said a senior critical of the Czechoslovak Planning Commission, "From here on, what we need is to improve our efficiency of work and secure productivity, especially by means of technological develop-

Barrier to Change A barrier to such change until now has been the highly conservative nature of the Czechoshowk leadership—not only politi-cally, but financially as well. They're all basically frugal farmers with a Marxist-Leninist veneer," a Western diplomat said.

Their approach is not dissimilar to that of Wladyslaw Gemulka. the highly conservative leader of the Polish Communist party in the 1950s and 1960s, who believed that one did not borrow unless the money to pay back the loss was on hand. In Poland, this changed when

a new leadership headed by Edward Gierek took over in 1970, and Poland quickly became the East European country most heavily indebted to the West. Czechoslovak leaders were hor-rified and resolved not to make rhat they saw as Poland's mis-

So far, only three Western loans, totaling \$410 million, have been floated in Western money markets. And Czechoslovsk officials say they will continue to refuse to make any substantial



Gustav Husak

imports from any country which Prague cannot sell its or

products. This seems to be a princip motivation behind Prague's cage ness to resolve the outstanding disputes with the United State

This effort bogged down 1974 when, after two years negotiations, Congress rejected reement under which Czech slovakia would have paid mo than \$20 million to settle \$ million in private U.S. clair against the Czechoslovak gover ment for seizure of U.S. proper after the Communists took pow in 1948.

Under that agreement, t United States would have r turned more than 18 metric to of gold taken by U.S. troops fro German-occupied Czechoslovak at the end of World War II ar still held in Fort Knox. The par would also have been opened f. negotiation of most-favore nation tariff concessions th could have helped incres Czechoslovak exports to ti

After a four-year freeze, bo sides now appear willing to r open discussions on these issue A senior Czechoslovak Foreig Ministry official said last mont We know relations with C United States may be benefic to both sides. And there is at an eagerness on the side Czechoslovakia to normalize rei tions with the United States."

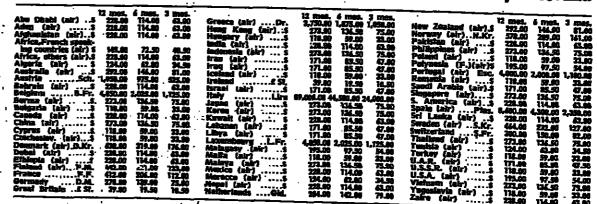
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Page 6- Saturday-Sunday, February 11-12, 1978 *

The West Bank Imperatives

What now in the Middle East? Egypt and Israel are blaming each other for the impasse in their negotiations and asking the U.S. people and government to throw the weight of their opinion against the terms of one side or the other. It is a diplomatic timeout for propaganda that, at the moment, is working for President Sadat. But there is no profit in it for anyone.

The Egyptian leader has persuaded many Americans that his grand gesture of going to Jerusalem was insufficiently reciprocated and that instead of designing a peace, the Israelis are grasping for territory. He contends that he has gone as far as he can by offering Israel acceptance and security and that everything will fail if Israel refuses to commit itself to negotiate toward the creation of some kind of Palestinian homeland on the West Bank of the Jordan.

· The Israelis respond that they have made a comparable gesture in offering Egypt undisputed sovereignty over all of Sinai and that a peace treaty with their principal antagonist awaits only some security arrangements that should pose no difficulty. They say they cannot possibly discuss the more complicated issues of sovereignty and security in the West Bank until Jordan's King Hussem joins them at the bargaining table.

Sadat says any deal must be comprehensive, by which he means it must envision that territory conquered in 1967 be returned not. only to Egypt (but on all fronts. Prime Minister Begin and his Foreign Minister Moshe Dayan, say they cannot make a comprehensive agreement with a single negotiating partner whose initiative is condemned by the parties for whom he seeks to speak. President Carter has straddled this issue by stating that any settlement must be both "negotlated" and "comprehensive."

The President's balance recognizes points of merit on both sides. Israel needs security. not more territory. To get a more comprehensive agreement, Egypt needs to be joined by other Arab negotiators. The U.S. objective in this situation should be to resist, for the time being. Israel's yearning for a separate peace with Egypt while pressing vigorously for at least Jordan to join the talks. Only then will it be determined whether Israel's quest for security guarantees can finally be separated from the claims of some Israelis for permanent settle-

ments in access to and even sovereignty over the West, Bank.

The United States and much of the world. apparently including Sadat, recognize the Israeli fears of hostile military emplacements, terrorists and irredentist political forces based within a few miles of its major cities and installations. But there is little support, and there should be none, for those Israelis who employ the pretext of security, or who proclaim biblical sanctions, to establish more Israeli settlements that can only create new political ambiguities and military necessities.

Nor is Begin's policy of opening new settlements consistent with a genuine bid to Hussein or West Bank Palestinians to join a negotiation in which their claims to sovereignty over the region will be a major issue. For both short-term and long-term reasons, therefore, the United States is right to inveigh against the settlements. If only to diminish the damage they are doing to themselves in the current propaganda contest, the Israelis would be wise to halt all settlement activity as a contribution to peacemaking.

The inescapable issue behind all this, of course, is the Arab world's desire for what has come to be called the "self-determination" of Palestinians—and the Israeli desire to deny it except in the sense of "self-rule" by West Bank communities. If the Israelis cannot become sovereign in the area, they annear determined that no one else will either. The issue is a tragic legacy of rival nationalisms and of the failure of the Arabs to accept the partition of Palestine when it was offered by the world 30 years ago.

* * *

The most moderate Arabs offer now to accept Israel, as they would not then; if they can still obtain partition. The most moderate Israelis contend that the fears produced by four wars cannot be overcome by pieces of paper-and that on this central question, many Arabs are not moderate. The West Bank, then, is not likely to be disposed of in a single round of negotiations or in an agreement that would take effect in a relatively short time.

But the principle can be established that security, and not territory, is the only legitimate Israell aspiration, and the meaning of security can become the basis of negotiations. With that as his agenda, Carter just might chase the Israelis and Egyptians away from the microphones and press the Arab world to send the Jordanians to put Begin to the test.

THE NEW YORK TIMES.

International Opinion

Proxy War Through Somalia

The Western powers' dislike so far of fighting a proxy war through Somalia has been politically wise as well as humane. But it should first be represented to the Organization of African Unity that the nonintervention of the big powers applies to all candidates, not just Western ones; and that secondly, if the latest OAU peace mission fails, the UN Security Council must be seen as the place where Soviet intentions can be given a thorough airing. By any previous definition there is already "a threat to the

-From the Guardian (London).

Failure of Begin?

Prime Minister Begin of Israel has so far produced a very bad impression by the paucity of his response to Egyptian President Sadat's peace initiative, and by his government's continued insistence on maintaining Israeli military protection over the settlements, particularly those in the Sinal, He has failed to rise to the occasion. He said in Geneva this week that "people shouldn't expect peace in a day or two or in a week . . . I ask to negotiate over a period of several months." Fine, but the question is negotiate for what-for a peace settlement or merely to improve Israel's tactical position on the ground? It looks as it Mr. Begin is aiming at the latter. If so, he is making a grievous mistake. Sadat has staked everything on his attempted breakthrough. Every week that passes now, with continued Israeli dickering and procrastination, makes his position more

-From the Daily Telegraph (London).

Central America Contrast

There has been a remarkable study in contrast in two of the small countries of Central America this week. In Costa Rica,

a country which rarely makes the headlines because of its political stability, there has been a presidential election in which the main opposition candidate, Rodrigo Carazo of the Unity party, has won. In its slightly larger neighbor Nicaragua, the regime of President Anastasio Somoza, whose family has dominated the country for more than 40 years, has been emerging from a very different sort of challenge from the combined forces of the opposition. Sensing a chance of at last toppling the repressive Somoza regime, the opposition had launched a general strike which was backed by unions, several private businessmen's organizations and political parties. At the same time the main guerrilla group, the Sandinist National Liberation Front, made attacks on the National Guard, which is regarded as virtually

President Somoza has refused to stand down, saying that he will stay in office until the presidential election which is due in 1981. But his position is much weaker than it used to be. Since having a heart attack last July he has not been able to keep the same close watch on events. He has also come under attack from two forces which carry weight in Nicaragua, the Roman Catholic Church and the U.S. government, Even in Venezuela, there has been talk of helping the strikers by stopping oil supplies . . . -From the Times (London) .:

President Somoza's private army.

French Elections

There are indeed many glaring inequalities. and injustices in French society which are overdue for remedy, and it may well be that some kind of social upheaval will occur in France this year whatever the [scheduled March] election result. But it cannot be said that the present world economic climate is propitious for such an event . . . The sick bay of Europe is already overcrowded, and the hospital staff already overworked, without adding France to their list of patients. -From the Times (London).

In the International Edition

Seventy-Five Years Ago

February 11, 1903

NEW YORK-What is declared to be a diamond fallen from the sky was today placed on exhibition in the American Museum of Natural History. It is a diamond embedded in a 40ocund meteorite discovered in Arizona. Tests have proved the substance to be a genuine diamond, and trollite and daubreclite, sub stances which proved an origin not terrestrial, were both found in the iron which encased the geni

Fifty Years Ago February 11, 1928

PARIS-"Long trousers will remain for men now that their nether limbs are no longer clad in silk, for the silk hose is passe. American men. every last one of them, have abandoned the silk sock. It just isn't being done any more. To be smart a man must wear bright coloned voolen socks, cotton is alright but wool is best." said Harold Simmons, a leading British hosiery importer, here yesterday.



Mideast: Washington Tilts to Washington

By James Reston

WASHINGTON President Sadat of Egypt left the United States in high good humor and Foreign Minister Moshe Dayan of Israel arrived in a foul mood the following day, but the truth is that nothing much has changed except perhaps a growing boredom here with both sides.

Washington is not tilting toward Cairo or toward Jerusa-This capital's vital interests are not regional but worldwide and certainly not identical with either Egypt's interests or Israel's, and frankly officials here have other things to do besides refereeing a propaganda war between Sadat, Begin and Dayan

Secretary of State Vance did see Sadst's tough Washington speech just before he made # here the other day, and the Carter administration did consciously take Sadat's side on the emplacement of Israeli settle-ments in disputed hearitory. Also, Carter proclaimed Sadat to be "the world's foremost peacemaker," but this is not new, and Carter has never been especially noted for understatement.

Hopping Mad

For the last few weeks, offi-cials here have obviously been irritated with Begin and Dayan on the settlements issue. And White House is hopping mad at Dayan's attack on Carter's settlements statements. Their obctive in the Sadat visit was to get him back to the negotiating table, and they purposely played up the settlements question so that Sadat would feel that Washington was prepared to lean on Israel when the administration

here thought Begin was wrong. Accordingly, a decision was taken here to emphasize and redefine Washington's support of UN Security Council Resolution. 242, and reaffirm Carter's statement to Sadat at Aswan on Jan. 4. The two key per covering these points in the White House communiqué follow:.

• "The settlement must based on all the principles of Security Council Resolution 242, tocluding withdrawal of Israeli armed forces from territories occupled in 1967, and the right of every state in the area to live in neace within secure and recognized boundaries. Resolution 242 applicable to all fronts of the

• "There can be no just and lasting peace without resolution of the Palestinian problem. The President [Carter] residemed at his meeting with Sadat at Aswan, Jan. 4: There must be a resolution of the Palestinian problem in all its aspects; it must recognize the legitimate rights of the Palestinian people and enable the Palestinians to participate in the determination of their own fu-

Same Tune

The administration emphasizes the importance, of these two paragraphs because it is basing its policy upon them. But Carter did not weaken in any way the U.S. government's "historic commitments to the security of Israel" and it did not change its position on borders, or its opposition to a Palestinian state. It merely sang a little louder the same tune Begin and Dayan have never liked. What has changed is the hope-

ful spirit of the Sadat visit to the Knesset in Jerusalem and everybody's nerves seem a little rawer now than at the turn of the year. Both sides were talking philosophy then, and now they are talking about political pres-sure and airpianes and the balance of power.

Sadat wants the U.S. people to put pressure on Israel to give him the peace turns he wants. Israel wants Carter to put pressure on Sadat to moderate his position on the Palestinians and the Israeli settlements on the West Bank and the Sinat Both sides want the latest U.S. airplanes for themselves and oppose our giving them to the other

Still there is no evidence here

that the Carter administration is going to change its middle posttion or give up pressing for multial compromises and a comprehensive Middle East settle-

It is only the rhetoric that has changed. Though Secretary of State Vance not only saw Sadat's National Press Club speech in advance and apparently made a few suggested changes, this is not interpreted by officials here as approval by Vance of all Sadat's

Nor would the State Department spokesman be drawin into an argument over Dayan's latest statement that Sadat was not president of Ispael and that neither Sadat nor the United States has the responsibility for the security of Israel. The spokesman merely replied that the Corter administration had stated its position and Dayan had stated his and let it go at that.

There is some hope here, how-ever, that the two sides may be able to agree to a step-by-step withdrawal of Israeli troops under Resolution 242 over a period of time. Prime Minister Begin referred vaguely to this in Geneva when he spoke of a "transitional period during which there will be phased arrangements." He wanted to be sure there would be a "real peace between us," he said. And he indicated that this would probably take "a few

Begin, who usually takes a harder line than Dayan, seemed more moderate than his foreign minister this week. He called for petience to heal old wounds and still said there was reason to believe that the peacemaking process would go on "What I suggest is a chance to negotiate seriously, perhaps several months," he said. "We have just really started."

It is known that Carter urged the same line on Sadat, who is impatient with the tedious and precise process of negotiation. Assistant Secretary of State Atherton will be serving as the mediator in this process both in Cairo and Jerusalem in the

The Battle of 'Whizkid Gulf'

By William Safire

policies of the current administra-

Americans. As proof that the

policy has changed, the critique

(written in the Office of Program

Analysis and Evaluation) cites this evidence: "The SecDef Fiscal

'maritime superiority.' Instead it

uses the term 'adequate' to de-

scribe the desired sea control

capabilities in a major emergency

(page 95 of classified SecDef

Plant a Word

The bureaucratic trick here is

uth and then build a policy on

to plant a word in your boss's

it. In the unclassified version of

Secretary Harold Brown's posture

tatement, he says, "We would

want to be able to provide sea.

control forces sufficient to main-

tain our lines..." But in the

version with "secret" stamped on

read: "We would want to be able

to provide adequate sea control

Why the change? "Adequate"

forces to maintain our lines...

and "sufficient" are synonymous

The reason for the insertion of

"adequate" is so that the whis

fall from the top man's lips, to be

cited—as it was—in their critique.

These are the games bureaucrats

play, for the highest security

kids could have their codeword

it, that phrase was changed

re statement)

not use the terms 'naval'

That will come as news to many

tion and secretary of defense."

WASHINGTON One of the ed the admiral be ordered. "Rea-W greatest battles of all times is raging at this very moment, and son: the term 'maritime superior-ity' is a policy enunciated by the the U.S. Navy is losing.
The combat, zone: "Whiskid
Gulf," the vast area of disagreeprevious administration and is in direct contradiction with the

ment that has opened at the Pentagon between former whiz kids of the McNamara era (Assistant Secretaries of Defense Russell Murray and David McGiffert) and our present naval persons Ovavy Secretary Graham Claytor Adm. James Holloway).

The prize to be won: the national decision to save or to scuttle the U.S. Navy as a force capable of maintaining "command of the seas" in war-

The opening blast was fired late last year, as the Carter adminis tration shot out most of the budget for the F-14 Tomcat naval fighter plane, which many defense analysts thought was our best chance to combat the Soviet Backfire bomber.

Smokescreen

Behind a smokescreen of secrecy, the Navy blazed back, with a draft of a "posture statement" that made clear that the U.S. policy would continue to maintain naval "smerlority" The whiz kids-more whiz

geezers, now - thundered their answer in a secret critique of the Claytor-Holloway posture proposal. a cooy of which was stuffed in a bottle and has floated into my "Change references to maritime

superiority' or 'superiority' to 'adequacy,'" the critique suggest-

Letters

Conserving Energy Joseph Kraft's naive reflections

on energy-nuclear in particular -- show a disregard for important fabts. While madest power has been on-sod often off-the road for 30 years with government billions behind it, soler energy use has only really begun recently. Moreover, nuclear power has cost far more than originally suppo and has not proven more reliable than coal witness the hundreds of thousands of homes without any electricity when wires were ed in the recent blizzards in the United States. Witness the shutdowns of many reactors in the United States simultaneously over recent years when a defect is discovered in a valve or pipe in

one michear reactor.

Unfortunately, Kraft ignored the most reliable energy source all-conservation. Today in United States it is far cheaper to save electricity by building better appliances, mechines, or buildings then to produce morein any power plant; nuclear included: And it costs less to save oil and gas by proper insulation and heat recovery than to substitate with cost and electricity for these fuels. Long after today's generation of nuclear and coalfired capacity has been buried, we'll still have the energy we saved from conservation. While can't be sure where new

energy will come from, at what, cost, we can at least count on saving loss of "old energy," and dollars, as well. Sure, a little muclear, coal, oit, gas, solar energy will help—but we'll need for less in the future than anyone had Ruessei an far.

LEE SCHIPPER. Stockholm

Taxing Vices

President Carter's "tentative" consideration of a "health" tax on the sales of digarettes and alcohol (shades of Prohibition) causes me some qualms. If the government wants to voice a somewhat moralistic disapproval of these favored vices, why do they see fit to make more money rather than less out of the sales of tobacco and alcohol? In the case of tobacco, at least, the market is a relatively secure one due to the addictive force of ciga-

Even though I am a nonsmoker. I've always thought it hypocritical for the government to make any money at all out of tigarettes. I have to wonder why President Carter's morals seem to invariably lead him straight to the money I can only hope that in the end Carter won't turn out to be a smoother, but no less sinister, flip side of Nixon.

JOHN SOSNOWSKI

The lust to replace the word "superiority" with "adequacy" is rooted in this: Up to now, U.S. defense policy has been to maintain a rough "parity" at the strategic, or missile, level; to cede "superiority" to the Russians on the ground, not trying to match their 160 divisions of troops; and to maintain our "naval superiority." The reason for our need for naval supremacy is that our allies are across oceans while the Soviet allies are contiguous to the

Soviet Thion But if, as the whiz-kid critique makes clear, we should abandon naval superiority as our goal, that would affect our entire defense

The critique revealed the depth of Adm. Holloway's despair: "The statement [of Adm. Hollowsy] that, the balance of maritime superiority will tip substantially in favor of the Soviets within the next 5-10 years"—that's some warning from our chief naval officer—"is not supported." wrote the men around the Defense Secretary. Harold Brown induced the admiral to change "will" to a more conditional and less truthful "could" and let him deliver his warning to the House Armed Services Committee this week.

Pentagonese

As the smoke clears from the opening engagement of the Battle of Whizkid Gulf, the Navy has been able to navigate around the torpedoes of adequacy and holds fast to the idea of superiority. But the secret "consolidated guidance" from the defense secretary projects a naval "decrement" (that's Pentagonese for the oppo-site of "increment") of 5 per cent a year, which would bring the Navy down to 300 ships by 1990. You could call that "adequacy" the Russians would gleefully call it "inferiority."

Harold Brown bids fair to become the Louis Johnson of the 1970s: As the CIA estimates the Soviets now spend 13 per cent of their CNP for arms, we now project 5 per cent, lowest rate since 1938. They used to say that only in the presidency of a staunch anti-Communist could the opening to Communist China take place; in the same way, only in the presidency of a former naval officer could we see the scuttling of the U.S. Navy.

A Visit To a Sick Pachyderm

By David S. Broder

WASHINGTON-Lincoln birthday being the traditional time to look in on that perpetually languishing but never quite expired creature, the Republican party, let us gently open the door to the sick room and see if the pale pachyderm is sitting up and taking nourish. ment on this anniversary.

Why, look there! Bill Brock, the national chairman, has the relic looking almost alive. Its checks are flushed-doubtless with righteous indignation at Jimmy Carter's mistreatment of dear David Marston, the Philadelphia prosecutor. Its pulse is throbbing hard-probably still excited by the defeat of the latest Consumer Protection Agency bill.

There is still a deep bruise in the side, where Ronald Reagan and Gerald Ford collided on the Panama Canal treaties. But that nice young Howard Baker is putting on cold-compress compromises and trying to keep the swelling down.

Money in Bank

On the anniversary of its patron saint, the Republican party appears to be in very good shapefor the shape it's in.

As usual, it has a lot more money in the bank than it has votes in Congress or candidates who can win. But the congressional minority, under Baker and John Rhodes, has exercised an influence disproportionate to ita numbers. Even though outgunned 2-to-1 in the House and more than 3-to-2 in the Senate, the Republicans have defeated a batch of Carter bills, stymied others and put the Democrats on the defensive more often than the numbers would indicate was likely.

To an unusual degree, they have shaped and anticipated Carter's policy moves. The tax-cut arguments the President is making this year bear a remarkable resemblance to the arguments the Republicans were making just a year ago, when Democrats assured us the Republicans were wrong

Carter's concern for NATO armaments and business confidence is Eisenhowerian in its sincerity His rhetorical skills make one believe there truly is a Ford it our future, as well as in our past In the process of throwing case

to the Democratic President, the Republicans have begun to discover their own disagreement are less severe than they imagined. Baker and Rhodes have had remarkably unified support from their own ranks on alternative to Democratic proposals on Socia Security and economic stimulus to say nothing of such partisas es as campaign finance law election-day registration and th

Throwing Cues

But cohesive minorities are still minorities and, in that respect as they were when the wretings was cleared after the elections of 1974 and 1976. They are shout a weak as a party can be and stil claim to be alive.

Their weakness does not show so much at the top as at the bottom. Fully a dozen Repuis licans are in campaign readines. for the 1980 presidential nomination fight. Not all of them have lost so recently as to be devok of interest.

But Brock keeps pointing out that electing another Republica president, without rebuilding the party base, is just consign some other poor devil to the tortures of "working with" s Democratic Congress.

So his emphasis, this year, on the state and local contests particularly the legislative and gubernatorial races. Their outcome will determine which party can draw the lines in the redistricting coming in almost every state after the 1990 cmil 2112

Republican prospects for those statehouse contests look quite good. A number of indus state Democratic governors are id brouble from taxes; from scandali or, in a few blessed places, from both. Out West, Carter's water and farm policies have managed to make a bad Democratic sittle tion worse.

But as we tippy-toe out of the ickroom, half convinced that by this time next year the endotors elephant will, like Endymion, have undergone a particularly pleasurable change, let us pause to remember an ancient adage, given fresh currency by what happened

in New Jersey last fall:
As my old father used to say. you can never lose money, in the long run, betting on the Republicans' capacity to foul up their own chances. A year from now. the fabulous invalid will probably still be toes-up, as usual.

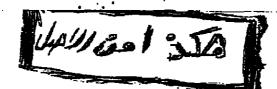


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After Years of Political Turmoil

China's Army Is Reported Reorganizing for Readiness

By Jay Mathews

HONG KONG, Feb. 10 (WP) -The Chinese Army appears to be reorganizing its middle and lower officer comps to restore compat readiness and the efficiency that has been lost during the last few years of political turmoil.

Recent official radio broadcasts indicate that many middle-level officers in the ration's 11 military region commands are being transferred or demoted, and analysts here say similar shifts not reported in the official press are probably occurring at lower levels.

A Jan. 30 article in the official army newspaper, the Liberation Army Daily, speaks of the need to eliminate "overstaffing, lethargy, arrogance, extravagance and ness and the signs of softness, lexness and negictfulness in the leading groups of some units." It and other recent articles re-

wall a 1995 decision by the party's Military Aftairs Commission to toughen and consolidate army units. That decision was frustrated by the political power struggle in the months before the death of Chairman Mao Tse-tung

"It is imperative to unify our war concepts and be well prepared to fight," a recent editorial in the army newspaper said. "We must simplify our organization and strengthen the companies, organizational discipline must be. emphasized and all stress must be put on obeying orders and com-

Military Manesvers

The official Chinese press has in the last two weeks reported current or completed military maneuvers in several areas. The army appears to be returning to an emphasis on training after years in which soldiers were told to concentrate on reading the works of Mao and other political

Despite repeated official calls for the modernization of the outdated equipment used by the 3.5-<u>million-member</u> armed forces, China's military leaders appear to have decided to limit new military spending until the country can revive its economy. "It is imperative to adhere to the principle of practicing economy in srmy building. . To do our ut-most to save and reduce military

Giscard's Rating Up in Poll, While Barre's Drops

PARIEL Feb. 10 (Reuters) -Titre Minister Raymond Barre has alipped in popularity, according to an opinion poll today, which shows that less than tions 48 per cent of voters questioned are dissatisfied with his performance. The figure compares with 46 per cent who were unhappy with the Prime Minister in January.

But the popularity of President Valery Giscard d'Estaing is rising according to the poll published in today's France-Soir

The poll showed that 56 per. cent of those asked are satisfied with the President, compared with 55 per cent last month, and 38 per cent are dissatisfied, compared with 37 per cent in January. The rest were made up of "don't

The poll follows a recent speech by the President advising French-men on the "right choice" in the elections, and warning that he could not prevent the left carrying out its program, which includes widespread nationalization. if it came to power.

Italy Kidnappers Slew Victim

'NAPLES, Peb. 10 (Reuters).-A kidnap gang shot dead their hostage after his blindfold fell off and he saw their faces. a court here was told.

But the five kidnappers admitted in court last night that they had carried on negotiating with the family of Naples business-man Michelangelo Ambrisio. 49, several weeks after he was mur-

His family paid 600 million lire (\$700,000) in ransom after he was shot. The body has not

expenditures and to step up our country's economic construction," the army editorial said

The army has proclaimed a single-minded devotion to reviving the civilian economy and concentrating on foot-soldier training, but some apparent dissent has been heard in the military press. As the most powerful and cohesive branch of the government, and perhaps the least affected by the factional strife of the Maoist era, the army seems to be self-confidently making room for criticism of official

The Liberation Army Daily early last month began a series of attacks on party members be-longing to factions it described "windblown," "slippery" and "earthquake-making." Some of the attacks seemed to be aimed at people still holding high party positions and the civilian press hesitated before reprinting the army articles.

The theoretical group of the National Defense Scientific and Technological Commission broadcast what appeared to be an attack on official support for Mac's concept of using guerrilla war against well equipped enemy armies, while gradually improving the quality of Chinese equipment.

"Anyone who still thinks that in any future war against aggression it will be possible to use proadswords against guided missiles and other nuclear weapons of imperialism and social imperialism is evidently not prepared to possess all the weapons and means of fighting which the enemy has or may have," the commission group said. "This is

Zurich Puts Off Tax Bill Ruling On Solzhenitsyn

ZURICH, Feb. 10 (AP).-Zurich authorities today affirmed that Alexander Solzhenitsyn was a bona-fide taxpayer despite their disputed claim of an unsettled t. : bill of about \$2 million.

Breaking a two-week silence on the case, the Zurich State Finance Department issued a statement saying its case against the Nobel Prize laureate was "complicated and needed further clarification," but that it was

already certain he acted in "good faith." At issue are royalties from Mr-Solzhenitzyn's best-selling "Gulag Archipe'ago," which were directed into a tax-free social fund set up by the author for the families of dissidents in the Soup after Mr. Solzhenitsyn irrevocably renounced all royalties from the book

The tax administration holds

that even though Mr. Solzhenitsyn did not keep the royalties, he was the first recipient and thus is liable to pay taxes on them. A decision in the case is likely to take several months-"Faith in the Third World," a

Swiss human rights group in touch with Russian dissidents, said that up to last November, about \$210,000 have been paid out of the fund to families of imprisoned dissidents "despite Soviet chicanery."

Red Army Ends Winter Games

MOSCOW, Feb. 10 (AP).—Red Army tank and aircraft units ended five days of winter maneuvers today and Western military observers wh. were permitted to attend said they found the Soviet troops well organized and "quite impressive."

The observers, including U.S. and British officers permitted to watch Soviet war games since the t iemof World War II, spent four days at the games near Minsk. Bome 25.000 Soviet soldiers and airmen took part in the exercises, which stressed the coordination of air and ground

Officers said that they were shown only a "very scantyl" sand-table mock-up of the planned maneuvers on the first day of the exercise, out of scale and with few details, but later were taken on detailed visits to several units.

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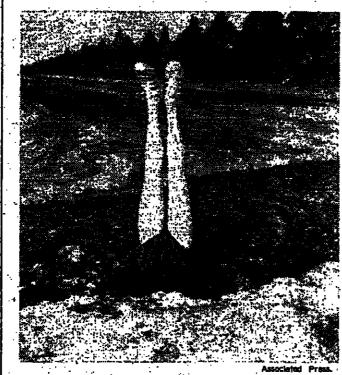
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HEADS-UP PUBLICITY-Motorists in Fort Morgan, Colo., first thought it was simply a case of a jogger doing a headstand in an ice-filled dip in a street. As it turned out, it was photographer James Carroll's way of attracting attention of city officials to dangers posed by overflowing drainage channel.

Familiar Strains Blamed

U.S. Reports 3,000 Deaths Due to Influenza, Pneumonia

ATLANTA, Feb. 10 (AP).- were among young military per-More than 3,000 deaths have been attributed to influenza and eumonia in the United States the last four weeks, the National Center for Disease Control here reported vesterdsy.

The center said that apparently virtually all of the deaths were caused by flu strains other than the Russian virus. outbreak of Russian flu was renorted Jan. 26 among high school students in Cheyenne, Wyo, and there have since been other cases. The Russian flu strain was first reported in December in the Soviet Union and Hong Kong.

Láboratory tests confirmed Russian flu as the culprit in recent outbreaks in Colorado, Michigan, Texas and New York, in addition to Wyoming, the CDC said. Many of those cases

Other viruses, including the more familiar A-Texas and Areported in practically every state, the CDC said.

Familiar Virus Strains

Although it is too early to determine the exact number of deaths attributed to influenza and pneumonia this winter, the CDC's reporting system involving 121 cities shows that, in the last four weeks, when 2,000 deaths might have been expected, there have been somewhat more than 3,000. is calling it an epidemic.

It would appear that the level

of intensity is below the last epidemic, which occurred in spring, 1976, when there were 20,000 deaths, said Don Berreth. CDC public affairs spokesman.

Trouble at Walvis Bay

Major Controversy Brewing On Future of Namibia Port

By John F. Burns

WALVIS BAY, South Africa, Feb. 10 (NYT).-When people reach for an analogy, they compare this tiny enclave on the Atlantic coast of South-West Africa (Namibia) to Hong Kong. But on a blowy weekend afterncon, with whitecaps cresting a grayish sea and sand whipping off the surrounding desert, pelicans diving for fish are the most colorful sight to be seen.

Residents concede that little stirs here except in the harbor, which is the only major port on a 1,400-mile stretch of Africa's

"You've seen the ships, that's it." said Martin Coetsee, a mechanic. He discussed the local ecene between wagers at the betting shop, which is linked by telephone to horse racing in South African cities 1,000 miles

Although its detractors call it dreary, those caught up in the struggle over its future consider the community of 25,000 persons anything but a bore. The enclave's status has become a major issue since South Africa, preparing to end its rule of South-West Africa, announced last year that it had no intention of relinquishing control of the territory's only deep-water por's.

Foreign Outpost The South African stand gave currency to the comparisons with Hong Kong. Unless the South African government has an unexpected change of mind Walvis Bay will become a foreign outpost on the territory of an independent country, handling much of that country's trade, much like Britain's colony on the coast of China.

The South-West Africa People's Organization, the nationalist group waging a guerrilla war against a South African army in the northern reaches of the territory, has denounced South Africa's plans for the 430-squaremile enclave as illegal. But South African officials have stood firm, saying only that they are nrepared to discuss the issue with the eventual government of Namibia, as the territory is to be known. South Africa bases its

stand on a peculiarity of history. Although U.S. whaling crews seeking fresh water set foot here early in the 19th century, and other European navigators probably made landfalls long before. the first permanent settlement

Imperial Germany, a latecomer in the scramble for Africa, staked claim to the arid hinterland six years later, establishing a colony that lasted until a South African army overpowered the small Getman garrison in 1915. But Walvis Bay remained a British enclave from the outset, first as part of the colony at the Cape of Good Hope, and after 1910 as part of South Africa.

was established by Britain, which

took control of the area for its

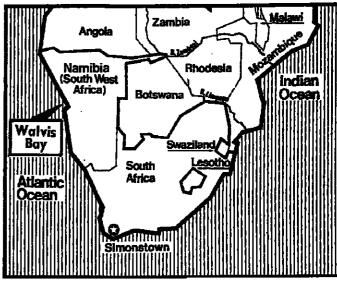
navy in 1878.

Mandate Granted

After 1920, when South Africa was granted a mandate over South-West Africa by the League of Nations, the port and the surrounding area were administered as part of the territory. The inridical link with the rest of the vast semidesert region lasted until five months 4go, when a South African proclamation returned the enclave to Cape Province, with the proviso that it would continue to be governed for the time being from Windhock, the territorial capital.

Privately senior South African officials have kinted that they may agree to surrender the port to Namibia if the government of the new country proves friendly toward South Africa, which will continue to have major interests in the territory. This raises the cossibility that the enclave could become a bargaining chip with the Soviet-backed militants of SWAPO, who are pledged to widespread nationalization of toreign interests if they take power.

Among the 10,000 whites in the



whom are Afrikaners, the predominantly Dutch-descended people who rule South Africa, there is little desire for a deal that surrenders the port to a black government. "The things that happened in Angola, we wouldn't like to see them happen here," said Nelis Dreyer, a former mayor, referring to the exodus of Portuguese settlers from the country that borders South-West Africa to the north.

At a railroad siding is a hint of the bargaining power South Africa will have with the governhoek. Black workers, most of them migrant laborers brought in on contract from Ovamboland in the far north, use a forklift at the siding to unload zinc ingots brought in by rail from a U.S.owned mine at Tsumeb, in the

Except for the diamonds mined on the beaches in the south, almost all the mineral exports of South-West Africa, which account for the bulk of its foreign exchange, move through the port, which also receives a large proportion of the region's imports, including oil. Apart from a minor port at Luderitz further south. which is too small for the larger ocean-going vessels, the only other means of moving goods to market is by road or rail to South Africa. After work, many of the black

workers repair to an open area back from the seafront that they have dubbed "sandy hotel." There, seated on old tires, cardboard boxes and seats taken from abandoned cars, they drink a maize-based beer, matembo, produced by illegal stills, and discuss work and politics. Despite language barriers, all those asked made it clear they backed SWAPO.

"One nation, one Namibla," one cried, raising his glass, prompting a chorus of the SWAPO slogan from his companions. Putting aside his glass, the man asked a South African to take a message to Prime Minister John Vorster. "Tell him to get out of our place." he said, meaning the port.

Milan, Turin Hit By Heavy Snow

MILAN, Feb. 10 (UPI) -Six inches of snow fell on Milan and Turin today, causing traffic chaos. Milan's Linate and Malpensa airports were closed to traffic. Villages in the hills around Turin reported up to a foot of snow.

Genoa and much of the Italian Riviera reported the first snowfall in years. Snow also fell in the Bologna area and

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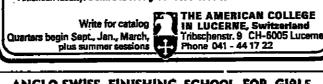
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a Signat Market.

Chyden Victorian Painting **And Its Traditions**

. Bv. Souren Melikian

riy and sale of Pine Victorian Picres" at Christie's last Friday consideration on the astonbing diversity of styles humped thing diversity to be died Vic-Airma E prism a purely chronological airma big enomination that has little esthetic substance to it.

While Turner was developing stonist manner border-C and an abstraction a quarter of a antiny become a whole in a whole is a whole be word impressionism a whole broading in a style based on thinks of 17th-century to the teachings of 17th-century

Juleis painters.
John Wilson Carmichael was ine of the representatives of this redition, which paid the utmost on the handling of light reflected on foemy waves and rolling clouds energing into the sea to all shades at gray, dark blue and hrid

Y in B chres. His Frigate George, and Berishing Vessels Tossed by Heavy 18-25 dated 1846 brought £7,150. at it is a genuine masterpiece of ob-Such works are ignored by art ristory, largely, I suspect, because there is so little to write about he uneventful lives of artists who

were provincial, and pleasantly

nant (1798-1872), who exhibited regularly at the Royal Academy

ONDON, Feb. 10 (IHT).—The in 1830 which was knocked down at £2,860 heavily leans on a tradition that can be traced back to the 17th-century Dutch moster Van de Capelle through such 18th century successors as Jan Van Os (1744-1808). The latter's pale golden skies with white clouds and his finely drawn fishing boats with contrasting dark hulls and white smilt sails must have directly inspired Tennant.

This tradition continued to thrive into the early 20th century. Akred Pontville de Bréanski, who lived in Greenwich and exhibited at the Royal Academy, is one of its late 19th-century representatives. A "Sunrise Over a Moun-tainous Lake Landscape" is a lovely study of the sun rising over high mountains and reflected in the deep oval lake in the

The price of £440 illustrates the comparative disregard in which such works are held, because they are considered too late in period for their style—an art instorian's argument which does not weigh very much with anyone interested in painting for art's sake.

Later still, when the Continent concerned itself with the Nahi movement and art nouveau, the practition continues with totally original artists such as Scottish painter Louis Bosworth Hurt. One of his landscapes included

in the 1901 Royal Academy ex-

Presenting Masaccio In a Humble Medium

DARIS, Feb. 10 (IHT).—"Bread Schumann's group are made of & Puppet Masaccio" say the emers and posters fluttering in-

Inside the echoing building. which is not yet open to the while people hang around while man in an apron goes about trashcan. He has a generous eard and done hair and he is the Bread and Puppet Theater."

"Bread & Puppet Masaccio" is The car in a 14-day workshop Schu-Susan ran at the Islitute d'Arte Par Tittatale Porta Romana in Plo-Sence. The theme sugges " - That of Masaccio's frescoes in the " Mrancabel Chapel aspects of at thich were chosen for treatment

oth in papier maché and in _____ive presence in Florence," said Schumann. The great classic in -12 Front of which the students are rsupposed bumbly to prostrate seives. And so, to have a fresh and useful approach, to do n something actively with Maraccio seemed a liberating idea, for this

The idea came to Schumum when he saw how diligently stujents would work for a very long sime on a single piece of wood

"I said that in one week we yould create something as volu-. dinous as the Brancacci Chanel. . . To do this we had to set up sort of factory making papies miche. This is a chesp meterial shich is available in large quantitles and we made some 300

deces this way." Inside the Sorbonne Chape) bese pieces line the walls. Works lone during a recent four-day sociation with art students from be University of Paris stand on he ground. In two lateral chapels here is a slide projection of the fasaccio originals and a movie how devoted to a Bread and uppet feast in Vermont. A group of Italian musicians, Il Gruppo uni e Frescide, play Italian folk

music, which Schumann feels oes well with Masacolo.
The display itself has a certain heatricality in its approach. On it sides inscriptions appeal to the latter: Ladies and Gentlemen. : IRR Massiccio." Strung up beseath them, without any attempt elegant presents tion, are orints, drawings and pepier outside reliefs. The masks, dolls,

--- supports and accomories used by

By Michael Gibson

There are a number of scene marigroom of St. Peter or Adam and Eve being chased cut of Paradise by an angel. The use of relief confirms the moneymentality of the original work but the imitation is very free indeed. There are remaps 20 variations on Adam and Eve in instead of an angel. This last idea is not so barral if the bomber, too is taken as a symbol instead of a political reference "The students' concern," said

Schemann, "was not so much with Massecto and the themes obesen as with the work process that! This was the first time they had an occasion to work in occoeration-putting aside their individual artistic goals. All this their activity and energy. were very skeptical at the begin-

"After the first day they had a meeting and refused to contimue with the workshop. They had expected that the work-shop would pamper the individualism of the participants and support the individualistic attitude we are brought up in. But after the second day they were in full swing and it was mpossible to doubt the value of the cooperative corporative ex-perience once one was in it."

The result of the work, done in the humble medium of papiermache, is interesting to the viewer, not for the individual artistic ment of each piece, but because by approaching Mesaccio through the freshness of a modern medium and idiom the barriers set up by the centuries and by oultural veneration are bypassed.

This is probably what prompt ed Schumann to put a quotation from Goethe in his catalogue: "Whatever you have inherited-from your fathers, take possession of it so that it may belong

Schumann, who econes from Germany (he was born in Breslan—now Wrociaw—in 1935, speaks English with gentle Ger-manic inflections. He was in tirn a musician and a sculptor, and came to the theater because he was discatished with putting his work in conventional settings like banks or exhools or galleries. "To animate sculpture," he says, "to point out what it is with a story—that is sort of what our theater is."



paid by a Liverpool gallery, Charles Robert Lesie (1794-

Alconside this late blossoming the British landscape tradition, what could be characterized the literary school, drawing its themes from bistorical events contemporary novels, etc., pro-duced superlatively conventional paintings first frequently border

Robert Alexander Hillingford's sterioo 18th June, 1815" showing Wellington encouraging the British infantry is a typical example of the falsely desmatic genre. The handsome price of \$2,800 was given for this picture whose mean, if any, less in the intended message (the heroten of the British Arche) but hardly of the British Army) but hardly in the painter's mestery of com-

position or desetemenship. Greater competence was often displayed by painters of social subjects. Judging from Friday's

1859) born in Inndon of Ameri-oan parents, first known as a ter of historical scenes, turned to contemporary subjects after a trip to the Continent in 1817 and occasionally someht his inspiration in movels. "The Read-ing of the Will," a stene from Jobies SmoRett's "Revieriek Rendom," is one of the latter showing 18th-century characters . . . painted in colors borrowed from Frans Hale and other 17th-century Dutch masters. It made \$4,180, a taight price owing to the painter's cleverness in rendering

properly reached with the pseudo triental subjects which attracted great many painters. Lord

an 18th-century decor to perfec-

Powers met him in Florence and prophesied he would be as great he would like to be. He won bis fame as a neo-Italian minitive painter with his "Madonna" Cimabue's manner exhibited 1852 at the Royal Academy which Queen Victoria bought

A trip to Spain and Egypt in prompted him to try his hand at oriental subjects including "Sun Gleams (the Arab Hall)" which made \$4,400 last Moroccao-Aigerian costume languidly leans against a shining marble column, thence the title

of the picture. It would seem that there is no financial discrimination between the contradictory trends of 19thcentury painting. This may simnly reflect the aesthetic uncertablity of our own time where

AROUND THE GALLERIE

Rome

Free Words and Futurist Typo-graphy, Calcografia Nazionale, 6 Via Stamperia, to Feb. 21. The futurists during and after World War I rebelled against everything that was taken for granted in painting and in other fields. They tore into traditional poetry, reducing it to disjointed words and syllables. They ex-pressed this visually in jumbled signs, staccato marks and letters in drawings and in posters with nonsense words and sentences. Sixty photomontages of these together with tapes of recited "visual poems" were gathered from the archives of the Venice Biennale for this traveling educational show. There are no original liness, rage and hitter amusement . by Idea R .

Arnaldo Sanna, Spells, Le Stanza. 295 Vis. Cavour, to Feb. 28. . In this new gallery run by a

group of young artists the show-ing is understated. In the high white room which used to be a stable, there are few objects a branch, a line of safety pins run-ning up the wall, a little plaster angel mounted on a paper colored in pastels with a blue furmel above, some minute drawings of shells and moons in a niche. Sanma, to cast his spell, poses his possessions with great care. but the meaning is more intense and real to himself than to others, so that his sparse "magic" assemblage verges on the precions. Still it is genuine and poetic enough to make one expect more miversal and concise statements from him in the future.

Bice Lazzari, Retrospective, Rondanini, 48 Piazza Rondanini, to

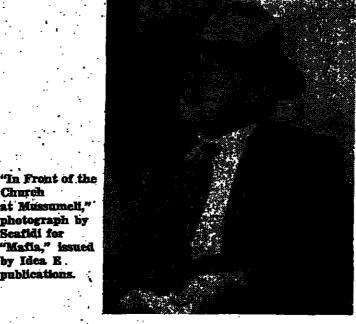
Leszari has pursued pure abstraction with dedication and consistency for more than four de-cades. Her early work—patches of ragged color squared against linear marks—had a thoughtful delicacy. Over the years she elaborated her compositions which today are rarefied and dense. Fine threads of line crisscrossing and balancing to make grids rest on lightly touched pale grounds. Her sensibility is peculiarly feminine in a European way, reminiscent of Viers da Silva. She had her first one-woman show in her native Venice in 1928. Now, 25 exhibi-tions later, her vision is at its most serene and complete.

Sicily, the Matia, Pan, 3 Via del Frame, to Feb., 18,

Whether photography is a true est form or not, documentary phiotography, with its specific e, overshadows any other with its impact. Here are press shotographs to be published in the book "Mafis" by Idea E publications. The photographers have stalked the bosses of the Made and caught their brazen public appearances, and bodies of their victims.

"The relationship between sesthetic research and new architeéture." Lostaria, 240 Viale Regina Margherita, to Feb. 28. This new gallery's policy is for critics to assemble shows. In this show are architect and a critic make 31 artists from both sides of the Atlantic go through their Matta Clarke's cutting up of buildings and Christo's wrapping up of them-both documerged by photographs—and Danish National Museums here Morris's and Andre's constructured that if the meliminary dattions do bear a certain kinship with architecture. But it is man was living in Europe 5,000 debatable whether the offerings

Tuttle, Shapiro, Schifano,



Morales, Mangold and Marden, among others, are in any way connected with architecture. -EDITH SCHLOSS.

Church

at Mussumeli."

photograph by

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nublications.

Paris .

Maryan, Galerie de France, 3 Fanbourg St. Honoré, Paris 8, to March 15, Mazyan's life is not foreign to

his painting. At the age of 12 he was gent to a concentration camp where he spent five years and saw his parents die At the end he was in such bad condition that he would probably have died if the camp had not been liberated. Some art is clearly the unending scream of those who suffered the rape of history. That is the case of Maryan, but his vigorous, violent, luminous work is by no means a lament It may be an accusation, but even more it is the expression of a will to live arising out of a being who had been torn to pieces,

The show here is a retrospective: judges, toreadors, bishops, m**hitary men**, guards, victime strange, wild women are lined up in the portrait gallery of his terrible fantasy. He sticks banderillas into them, stuffs then with maggets and has them oozing blood, lymph, tears, striped toothpaste, saliva, sweat and other secretions. This is not pretty art. It is beyond expresmonism. It is, in a sense, the raw appeal of the mutilated The appeal is not for child. sympethy Maryan's own care was beyond

reparation. He died last June at the age of 50. His friends suggest that his art was not intended to provoke outrage at those horrors but to stimulate people

Ancient Bones Dated by Danes

COPENHAGEN, Peh. 10 (Reu-ters).—Prehistoric bones dredged up off the coast of Zealand could radically after historians' thinking on human habitation in Europe, according to expents here.
Preliminary study of the bones indicates that they are human remains dating back 240,000 years. Neanderthai man discovered near Duesseldorf, was dated at 50,000 years and Cro-Magnon man from France at 100,000. Inspector C.L. Vebacck of the said that if the preliminary dating is correct, it would mean that

generations earlier than previous

to ask themselves why these things bepoen. It also happens to be est of a considerable power. But as art, it would appear in-tolerable in its excess if one did: not know what intolerable reality

-MICHAEL GIBSON.

THEATER IN LONDON

Emphasizing Congreve's Faults

By John Walker

ONDON, Feb. 10 (EET).-William Congreve's "The Way of the World" was not a great success on its original production in 1700 and, although it has obstinately refused to die, it has not been a great success, as a play, since. "As dead as a doornail." Max Beerbohm called it. although acknowledging the rediance of its dialogue and the excellence of its characters.

John Barton's production for the Royal Shakespeare Company at the Aldwych attempts to rehahilitate it as a play by grounding the characters in reality, an actual environment, and by paying as much attention to details of the plot as to the

rhythms of the language. The result is to emphasize Concreve's faults rather than his Stripped of their accustomed gaudiness, the charac ters do have a dimension of truth as they flutter round Lady Wishfort and her fortune, like

But Congreve's characters were always real enough, even if they didn't always sound it. And Barton gives a bitterness and violence that is more modern than Congreye. The pace of the play has been slowed down painfully particularly in its opening scenes exposition, as if the quickwitted society were being displayed for the benefit of a slow-

Dangerous and Predatory

Michael Pennington's Mirabell is dangerous and predatory, but we have to take his charm, his thraction for every woman ha meets, too much for granted, And although his love-match and duel with the strong meder Millament (Judi Dench) has touching gravity amid the shall low enthusiasms of Congreye's rakes and dandles, the scenes are not as electrifying as they

an be. It is left to Beryl Reid's Lady Wishfort whose last continually overwhelms har gentility, like a liner swamped by a tidal wave, to jerk the play into comic life. And she does so by a larger-thanlife performance, teetering de-lightfully on the edge of farce, which sometimes clashes with the more serious explorations going. on around her.

For all Barton's admirably intent approach to the play and its structure, it remains a work that survives by its literary excellence, the power of the

At the Greenwich Theatre, Oscar Wilde's "An Ideal Husband" still lives up to its subtitle, as a play of "Modern Life," in Robert Kidd's stylish production.

Wilde takes a familiar dramatic theme of a man with a terrible secret to hide whose past overused it in "The Pillars of the Community" and, of course, it was to become Wilde's own predicament a few months after the play was premiered in 1895. Removed from its Victorian setting, it is the sort of drama

still played out behind closed doors in Washington and Westminster. Robert Chiltern, the guilty man, is an ambitious young politician who began his career and made his fortune by selling government secrets to a rich and friendly speculator. Since then



he has maintained an outward honesty that seems certain to make him a future prime minister. modern than Ihsen is the reaction of Chiltern's friends to his little difficulty. The scandal does not blow his world apart; rather, ranks ciese to cover it up. Confession is not so good for the soul as concealment. And Chiltern, on the grounds that politics needs men of great personal in-tegrity such as himself, becomes a heroic figure while Mrs. Chevelev. his blackmaller-whose orime is to bungle her villainy—becomes

Bracing Cynicism This bracing cynicism gives a still-cutting edge to Wilde's wit, although his stagecraft is sometimes askew—as Shaw asked, when reviewing the original production, why does Mrs. Cheveley knock over a chair while in

But Anna Carteret is marvelcusty, maliciously wicked in the role of adventurers and Barbara Atkinson and Arthur Howerd, as uncomprehending onlookers, are splendidly comic getting full value from the dialogue, while Frank Barrie conveys the foppish superiority of a bystander who does understand the importance of seeming earnest. Some of the other performances

are rather melodramatic, but it is a handsome and worthwhile revival, nevertheless.

A sort of Wildean freak-that stereotype of witty homosexual fantasist—is the sole character in Australian writer Steve J. Speers' award-winning "The Eo-

Stolen Greek Icons Recovered in London

The Greek Consulate here has sion of two stoler Greek icons one valued at about £100,000 (£190,000), which had been offered to a London gallery by a Middle East dealer. A Cretan icon was found to

IONDON Feb 10 (Renters)

have been stolen from the Benaki Museum in Athens in November, 1965. Subsequently, the unnamed dealer offered a larger and more valuable double-sided icon which, it was discovered, had been taken from the Bishop's Palace on the island of Rhodes.

cution of Benjamin Franklin" at is a tricky one—it is about an Australian elecution teacher faced with a seductive 12-year-old boy pupil named for the American polymath—and the writing has a similar tendency to try for cuteness and charm and to rely on easy theatrical effects.

Ostensibly, it is a pica for tolerance toward its lonely trans-vestite stuck in an unfeeling society, condemned to curing the speech defects of the dim and resisting the charms of young Ben. But such wisdom as the teacher passes on to his pupil— "straights hate" and, concerned over Ben's relationship with a male habrireszer, "try women, as if they were a patent medicine-reveals rather less coher-

The second act, which takes up the story eight years later, just cide in a mental hespital where he has been slung after a police raid, suggests that the author's concern for his character is limited to his use as a blunt instru-ment with which to belabor Australiam social attitudes

Gordon Chater's performance as this actorly misfit is a compalling one, but enjoyable for theatrical reasons, on the level of watching a talented profes-sional sustain a difficult role.

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itudies after Masaccio by Bread and Puppet Theater.

lapan Import Licenses Decline 15% in Month

ports licensed in January toed \$5.616 billion, down 14.9 cent from \$6.6 billion in cember but no 2.6 per cent on the year-cerlier month, the pistry of International Trade d Industry said today. On a n basis, licensed imports toen 1,356 trillion yen last month, an 17,3 per cent from Denher and down 16.2 per cent

an a year earlier. in December on a dollar basis, ensed imports had fallen si ep 26.1 per cent from a year Arthur ior month, nut are more as due to a bulge in nuclear 1976. ior month, but the yearly drop el imports in December, 1976. MITI amounced yesterday at Jamary certified exports se 22,4 per cent from a year riler to 7,286 billion, but were wn from a record \$2.101 biln in December.

imports licensed from the rited States in January fell per cent from December and

ZEC Protests To Japan on **1ide's Speech**

BRUSSELS, Feb. 10 (AP-DJ). The Common Market Commism protested today about rearks attributed to Japan's Miner for External Economic Afirs, Nobuhiko Ushiba, concerng EBC efforts to wrest trade ncessions from the Japanese vernment

The crai protest was made by r Roy Demman, director genal for external affairs at the ommission, to the Japanese mison to the KRC A Commission okeaman sald Sir Roy asked ne mission to relay to its govnment the KEC's "surprise and ncern" over remarks that Mr. it/be reportedly made at a dinr at the Tokyo Harvard Chib HT, Feb. 10).

The spokesman said the KEC is especially irritated over Mr. hibe's remark that "our friends Europe would like to telescope e whole procedure we had with United States from Septemr through January into a short ne from now until the end of arch." Mr. Ushiba added that is would be "a difficult enter-"

Sir Roy reminded the Japanese, sman said, that telks on urning around the trend in Jaan's constantly growing trade urplus with the EEC began early a December, when Mr. Ushiba isited Brussels, and have been octimning since.

EEC foreign ministers at a secting last Tuesday agreed to ush for a reversal in the curent trend of the Japanese trade uplus by mid-1978 and express i hope that the Japanese would nd it possible to make a goodill gesture before EEC governchiefs hold their spring mmit in Conenhagen Atria 7-8.

Big Five' Aides Are Said to Set

inance Meeting LONDON, Feb. 10 (AP-DJ) .-

mance ministers and central unkers of the world's five leadg industrialized nations are exoted to meet in Paris over the sekend, informed European surces said today. In Washington, the Treasury

id that Secretary Michael Bluenthal is scheduled to visit onn Monday to discuss ecomic issues with Chancelor Helut Schmidt and that he was mected to be in Paris either er the weekend or after the ip to Bonn. In London, a spokesman for

e Treasury said that he could ither confirm nor deny the reart of a weekend meeting in eris. French officials refused comment on the report. The central bankers attending se weekend meeting in Paris re expected to proceed to Basel or a regular monthly meeting the more of their colleagues. on other industrictized nations the Bank for International

dotorcycle Output ncreases in Italy

MILAN, Feb. 10 (AP-DJ).— aly's production of motorcycles se 12.7 per cent to more than 2 million units in 1977, from he previous year, the Associaon of Motorcycles Makers reorted on the basis of still proisional data. Out of the total shout 900,000 nits were motorcycles below a plinder capacity of 50 cubic

entimeters.

IN 12 WEEKS YOU COULD DEAL IN STOCKS AND SHARES more scriftishly lean 2 million other levestors. Unique home study course written by spriessionals, stores red how to make money with a capital as low as SIG. Free details (no stamp to \$1.051 billion. Those frem the European Economic Community were up 8.7 per cent from the prior month and 28.2 per cent from a year earlier to

Import Recusing indicates trends in the short-term, but is largely a formality to make sure imports meet domestic laws and procedures.

\$346.65 million

Ship Bankruptcies

Meanwhile, a chain reaction of business failures of the shipbuilding and shipping-related concerns emerged in Japan today, a kign of increasing deterioration in the recession-plagued in-

Underlining the problems of the shipbuilding industry, it was also announced that export ship contracts received in January fell 43.8 per cent from a year eartier in terms of tonnage

An Osaka-based shipping com-pany, Daiwa Kaiun KK, applied for composition with its creditors at district court today with Cabis estimated at about 20 billion ven. according to a private credit in-

quiry agency.

The Daiwa failure stems from the failure already reported of Shin-Yamamoto Dockyard Co., a Kobe-based shipbuilder, which has liabilities estimated at 24 billion yen, the second largest shipbuilding fallure after Hashihame Zosen KK, which went under last December with debts of 45

to 50 billion yen. Related to Daiwa Kaiun, Asahi Kocki KK, Tokyo-based marine equipment trader, applied today for liquidation with Tokyo district court with debts of 20 hillion

Asahi Koeki is also affiliated with Nippon Yusen KK (NYK Lines), the world's largest shipping company in terms of ships

The Japan Ship Exporters' Association said today that export ship contracts obtained in January involved 20 vessels totaling 152,660 gross tons, valued at 45.949 billion yen, a tonnage drop of 43.8 per cent from a year The association said the ex-

port ship order backlog as of the end of January came to 470 ves-sels, which total 8,268,000 gross

Of the total, 245,000 gross tons was accounted for by ships for which contracts were due for cancellations, and 679,000 tons ships completed but laid up at shippards at the request of

Hence, the ret order backlog was 7,344,000 tons, less than 15 per cent of the 50,240,000-ton peak in March, 1974.

Dollar Declines As Franc Firms In Quiet Trading

LONDON, Feb. 10 (AP-DJ).-The dollar came under somewhat heavy pressure late today on the foreign exchange market in Europe and it slipped from its in-tradey highs against such currencies as the deutsche mark and Swiss franc.

The dollar collapsed at the end. It looks like it was a heavy commercial order, maybe unwinding dollar positions taken over the last three days," one trader said. He said West German interests may have been involved, but noted that the Swiss franc particularly benefited by the ac-

Against the Swiss franc, the collar lest 1 centime et 1,9500 francs. It shed a quarter et a prennig against the deutsche mark at 2.1060 marks. Otherwise, dealings were deserabed as very quiet, with rates

following a steady course until the last hour of tracing in Euthe U.S. wholesale price rise of 0.9 per cent in January. While dealers said the figures added fuel to worries about inflation, the dollar showed little imme-

diste reaction to the news. The French franc gained some ground and dealings in the French currency were less agi-tated than of late. Against the French fund, the dollar lost 1.33

centimes at 4.8850 francs. Sterling was steady at \$1,9353 compared with \$1,9355 overnight. Against the yen, the U.S. currency was tittle changed at 241.35 yen, down 5 points. The dollar dropped 50 points against the guilder at 2.2535 guilders.

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COMPANY N.V. Amsterdam, 3rd February, 1978.

Stable or Rising Dollar Would Help

Wall St. Pins Hopes on Foreign Buyers

NEW YORK, Feb. 10 (AP-DJ) .- One of the more plausible hopes capturing the hearts of some market observers in recent weeks is that the toller will firm and that foreign investors then would become heavy buyers of U.S. stocks once again. In ory, this would provide the base needed by the faltering stock market and out some backbone into cash-rich institutional investors here.

It is an interesting theory. Foreigners, er all, have back good reason to hold back on stock purchases while the dollar value of phose stocks was deckning in relation to their own committee eside from any market price declines, and it is conceivable that a stable or rising dollar would prompt them to return to the U.S. stock

But some Wall Street portfolio startegists do not think the market's current malake will be as easily cured as all that and con-tinue to advise caution to their institutional clients.

"We suspect the foreign-buying view may overstate the aggressiveness of most foreign, investors," says Marshall Acust ir., of Smith Berney, Harris Upham & Co. "I'm not saying it won't happen but we doubt this is going to be it. Any neartenno turce is likely to be very volatile and

this would indicate to us that a firm footing baso't yet been established for a skriffcant and ensisted move up." Besides, he adds, foreign buyers have tended to be on the late side of market moves "and I'm not sure that has changed."

Mr. Acuff believes the most likely source of the market's badly needed stabilizing influence is the individual investor, who remains sensitive to yield and to the relatively better returns he perceives in alternative investments.

However, "with the exception of utilities, common stocks continue to generate little entihusiasm from individuals," he says. "Until this changes, we would hold any upward move in the market suspect."

Mr. Acutt believes that periodic market rallies may, lodeed, colonide with recovery moves of the dollar, but he expects cur-rently negative investor sentiment to prevail over the next six months.

Beyond that he believes "the beginning of a meaningful move in the stock market might be possible" by late summer if investors have a clearer focus by then on the economy's momentum and Federal erve Board policies under a new chairman, among other things.

"We feel the requirement for a better

and less negative inflationary trends, which would tend to take some of the upward pressure off interest rates," he gays. Mesawhile, Smith Barney continues to advise eliente to hold cash reserves ranging from 10 per cent to 30 per cent of sets, depending on desired portfolio risk, and fixed knoome holding equal to 20 per cent to 40 per cent of assets.

"A better buying opportunity in the bond markets may occur in the months shead," says Mr. Acuff. "In the meantime, we prefer rolling over short-term paper at yields exceeding 6 per cent. Bond investments should focus on the highest quality because the spread remains uncomfortably narrow between low and high-quality paper. U.S. Treasurys are the preferred vehicle, particularly inter-mediates, for any current purchase pro-

"Equities should be largely yield and domestic oriented. Utilities continue to comprise a major portion of our portfolio. Some value is apparent in selected steels and coppers. We continue to favor the drg group in the growth category. Selected issues in lodging, beverages, packaged foods, insurance and housing are attrac-

Corporate Clients Go to Other Sources

Big N.Y. Banks Say Loan Activity Is Still Very Slow The Fed's weekly money supply Outside of New York City, the picture is different, with numer-

NEW YORK, Feb. 10 (AP-DJ). Although U.S. business loan continues to throughout the nation as the economy improves, the biggest New York banks are still experiencing unusual difficulties drumming us business as their large corporate customers are turning reasingly to other sources.

Business loan demand among major New York banks "is still very, very soft," David Rockefel-ler, chairman of Chase Manhattan Bank, said in an interview. "We have noticed some slight increase and we have seen a few indications corporations are taking out capital construction plans and dusting them off. But I am afraid there has been nothing very dramatic yet."

Donald Wooley, chief economist of Bankers Trust Co., says the bank's lending officers "still don't perceive all that much strength in loan demand." The main reason, he said, is "our largest customers have numerous competitive alternatives." such as the rowing abroad, "We tend to get loan growth late in the cycle when corporate spending picks up, especially the bricks and mortar type," Mr. Wooley added.

Shown in Fed Data This trend was underscored by the latest weekly figures releas-ed by the Federal Reserve Bank of New York yesterday. Commercial and industrial loans on the books of leading New York banks

declined by \$35 million in the week ended Wednesday. That was the seventh consecutive weekly decline, making a total decline of \$2.45 billion for that period. In the previous commercial and industrial loans ferr \$251 million, the Fed reported. In the like 1977 week, commercial and industrial loans estimated that bankers' accept-

increased \$146 million. In the latest week, the Fed ances, or trade bills, declined about \$70 million. Such bills are normally considered money market instruments but are counted as loans when held by hanks.

They represented the single largest area of decline during the week, followed by decreases in loans to gas and electric utilities and tre retail trade, a Fed spokesman said. There were increases in loan demand from food, liquor and tobacco companies, the wholesale trade and service industries, he said

Swiss Jobless Level Rises by 30 Per Cent

BERN, Feb. 10 (AP-DJ),-Swiss unemployment rose 30 per cent in January from December, 1977, but still was 28 per cent below the level in January a year earlier, official figures showed. At the end of January, a total of 15.097 persons were pnemployed, up 3,531 from the end of

December. The unemployed rep-

the labor force.

resented about 0.5 per cent of

figures, normally released each Thursday, were delayed this week due to the snowstorms in the The slowness in loan demand

from major corporations is con-tinuing to stir discussion among bankers and regulators. During a luncheon speech yesterday to the New York State Bankers' Association, Paul Volcker, president

of finished goods prices, the last

stage before consumers buy prod-ucts, rose 0.6 per cent in Janu-

fall, as food prices continued a

However, prices rose more charply in earlier stages of pro-

duction, indicating further price

encreases may be on the way. A

more rapid pace of inflation was

particularly pronounced at the intermediate stage of production,

partity because fire unusually high level of residential construc-

tion activity resulted in higher

prices for most construction-

isted products, the department

The price index for crude

goods, such as mining and farm

products, rose 2 per cept in Janu-

ary the fourth straight monthly

0.9 per cent, the largest increase

Prices for all wholesale commod-

ities rose 0.9 per cent, the big-

gest increase since a 1-per-cent

The department had depended

on the all-commodities windesale

price index until December but is

phasing it out on grounds it ex-

aggerates the impact of inflation

by counting many price increases

Wholesale Prices Drop

TOKYO, Feb. 10 (AP-DJ) .-

Wholesale prices during January fell 1.5 per cent from a year earlier and 0.1 per cent from

December, due largely to the appreciation of the yen, bringing the wholesale index down to 105.6

(1975 equals 100), the Bank of

The January decline follows an equal 1.5-per-cent year-to-year drop in December—the first

annual drop since 1971. Prices

have declined on a month-tomonth basis since October, when

they fell 0.2 per cent from the

prior month.

RARE JEWELS OF THE WORLD

EXCEPTIONAL

EXHIBITION

February 11

to March 5, 1978.

BADRUTT'S PALACE

SAINT-MORITZ

1.5 Per Centin Japan

rise last April

more than once.

ese. Prices et the intermediate stage, where commodities require further processing, rose

steady climb.

erne as mointally increases last

New York, said: "In the city. the entry of a large number of foreign banks and the sluggishness of loan demand from the biggest corporate customers have affected the competitive climate, stimulating greater attention to costs and ingenuity in pricing and marketing.'

Mr. Volcker later added in an interview that "a lag of this

Sign of U.S. Inflation Rise

Seen in Wholesale Price Gains WASHINGTON, Feb. 10 (AP). phasizing the finished goods inw warnings of worsening inflation were eignsted today by a dex, which measures prices of government index that m such goods as automobiles and prices received by wholesalers. food just before they are sold to The Lakor Department's index

The price index for consumer finished goods rose 0.7 per cent in January, somewhat faster than

ous banks experiencing strong in-creases in loan demand. Furthermore, many economists are predicting higher interest rates this year due to rising credit demand both from private sources and the federal government. Mr. Vookley of Bankers Trust expects short-term rates this year

to rise about 75 to 100 basis points and long-term rates to increase about 30 to 40 basis points, He adds that the bank is expecting "an appreciable rise" in Treasury and federal agency borrowing this year, adding to pressure on Mr. Wooley acknowledges that

the economic scenario he foresees indicates trouble for the stock market. "When individual investors can earn high rates of interest from fixed-income securities with little or no risk, the stock market is bound to suffer, he said. Another Bankers Trust official added that the bank has been reducing the emity exposure manages to reflect this view.

Company Reports

Revenue, Profits in Millions of Dollars

Babcock & Wilcox			MOLOTOLS,		
Fourth Quarter		1975	Fourth Quarter	1977	1876
Revenue	537.20	448.50	Revenue	522.80	420.60
Profits	18.30	10.50	Profits	30.10	26.90
Per Share	1.49	0.85	Per Share	0.99	0.89
Revenue	1,870.00	1,690.00	Tear Revenue		1 580 00
Profits	: 61.80	53.10	Profits		91.80
Per Share	5.06	4.37	Per Share		3.04
Cummiz	s Engine				0.0+
Fourth Currier	1977	1976	Tenneco		
Revenue	322.70	287.80	Fourth Quarter	1977	1976 .
Profits	12.70		Revenue	1.930.00	1,740.00
Per Share	1.49		Profits	118.60	92.00
Year			Per Share	1.21	0.96
Revenue	1,260.00	1,030.00	Year		
Profits	67.00	58.60	Revenue		
Per Share	8.22	7.66	Profits	426.90	388.80
Kasimar	Kodak		Per Share	4.38	4.15
Fourth Quarter	1977	1976	Tinh	roval	
	1.880.00	1.690.00	Fourth Quarter	1977	1976
Profits	226.10	221.70	Revenue	626.00	633.00
Per Share	1.40	1.37	Profits	4----	20.00
Year			Per Share		0.71
Revenue	5,970.00		Year	_	
Profits	634.40	650.60	Revenue,	2 520:00	2 220 00
Per Share	3.99	4.03	Profits	34.80	20.10
Gen. Tel. d	Electro	nies	Per Share		0.57
Fourth Quarter	1977	1976			
Revenue	2,110.00	1,850.00		ypsum	l
Profits	139.40	136.30	_ Fourth Quarter		1976
Per Share (prim.) 1.03	1.06	Revenue	318.2	256.9
— Dibated	0.95	0.99	Profits	20.7	7.4
Year		_	Per Share	1.20	0.40
Revenue	7,680.00		Year		
Profits		423.00	Revenue		962.9
Per Share (prim.		3.29	Profits		36.8
— Dibited	3.65	3.10	Per Share	3.41	2.04
				_	1

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rating for Safety (Price Stability of the stock plus financial

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ent in local currencies (British £28, French fr 230, Swiss fr 120, DM 120) and requests for information should be directed to: Value Line, Att.: L de Saint Phalle, 2 Ave. de Villars, 75007 Paris. (Tel. 551.63.59).

SEC May Take Over **Futures Trading Unit**

By Colleen Sullivan

WASHINGTON, Feb. 10 (WP). -The Securities and Exchange Commission has dealt the tiny Commodity Futures Trading Commission a devastating blow by proposing to take over the regulatory authority for the rapidly growing financial futures markets or, alternatively, to assume all of

In a · 10-page memorandum to the General Accounting Office which has been obtained by The Washington Post, the SEC cited two primary reasons for the pro-posals: The surveillance difficulties that both agencies encounter under the present setup, and the "potential for manipulaive and other adverse effects on the markets" as the futures in dustry expands into financial and capital-raising systems.

According to the document, the GAO requested the memo for a major audit of the CFTC undertaken as part of the reauthorization review of the 3-year-old agency. Reauthorization and budget hearings for the CFTC are scheduled for the week of Feb. 21 by four congressional subcommit-

The beleaguered agency is expected to undergo rigorous scru-tiny for its past performance, especially its administrative practices and its difficulties in enforcing federal regulations against widespread fraud in London commodity options sales.

A Huge Task

While both critics and friends point to the awesome task the agency faces in regulating the \$1trillion-volume commodity markets, they have been quick to point out in the past that the intrinsic differences between commodity and securities markets require a vastly different regulatory approach.

The SEC memo notes this. "The basic regulatory goals of securities and futures legislation have necessarily been different," the document states . . . "The futures narkets were not intended toand do not—have a capitalraising function similar to the securities markets. They were not intended to be 'investment'

markets . . ."
The SEC proposal would affect futures trading of Government National Mortgage Association certificates. Treasury bills. Treasury bonds and U.S. government securities. Currently the Chicago Board of Trade and Chicago Mermarkets. A division of the American Stock Exchange, the Ameriican Commodity Exchange, asked the CFTC on Monday for permission to trade Ginnie Mae futures. Toe Much to Do

SEC sources said the problems encountered by the CFIC indicate that it has too many markets under its jurisdiction to do justice to them all.

"We're fearful that without strict surveillance and enforce-ment, situations like the one in commodity options could develop and the CFTC is just powerless to do anything about #," one of-ficial said. "They're new, they don't have 40 years behind them like we do, and they don't have our resources."

That may well be an understatement. The CFTC, with an annual budget of \$13.1 million

French Auto Prices

PARIS, Feb. 10 (AP-DJ).-The French government has authorized French auto builders to increase the prices of their cars by an average of 3 per cent, effective Feb. 13.

and a staff of 454, is responsible for 11 commodity exchanges that trade futures and physicals contracts in scores of items. The annual volume of commodity trading in the United States, including \$200 million to \$300 mil-

lion in London commodity op-

tions sales, ran well over \$1 tril-

lion last year. In sharp contrast, the SEC has a staff of more than 2,000 and a budget of more than \$50 million to supervise the nation's eight stock markets and the overthe-counter and bond markets. The stocks markets total less than \$200 million annual volume, according to the SEC annua

Late Rally Fails to Lift N.Y. Prices

NEW YORK, Feb. 10 (IHT) .-The stock market today dipped moderately, reflecting worries about inflation and renewed weakness of the dollar in overseas exchange markets.

The closing Dow Jones industrial average was off 1.82 to 775.99. It was down 1.13 at 3 p.m. Volume totaled 19.48 million chares compared with 17.94 million yesterday.

Some 685 issues declined while about 675 advanced. An afternoon recovery move

lifting the Dow Jones industrial average briefly into plus territory. faded in the final hour. Analysis said traders became cautious in view of the Federal Reserve's money supply report, normally due Thursday but delayed until today because of the heavy snow storm in the East. But after the market close, the

Fed reported a drop of \$1.7 billion in basic money supply and a \$1.2-billion decline in the broader measure.

Weighing on the market was a government report prior to the pening that the wholesale price index for January rose by 0.9 per cent—the biggest monthly rise since last April.

Commenting on the lack of buying interest, Fred Kalkstein of Elkins Stroud Supplee & Co. said the difficulty has been "a lack of evidence that the market approaching an intermediate bottom."

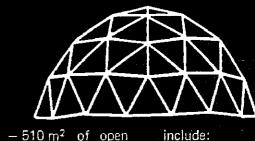
Mr. Kalkstein did not rule out the possibility the market will decline to its 1974 bear market lows, although he predicted the drop would not occur in a straight

Norway Cuts Kroner Value

COPENHAGEN, Feb. 10 (AP).-Finance minsters and central bankers representing the member nations of the European joint currency arrangement, or "anake," decided to devalue the Norwegian kroner by 8 per cent within that arrangement, the Danish central announced late today.

The measure was taken at the request of the Norwegian government and reflected that country's adverse balance of payments situation, the announcement said.

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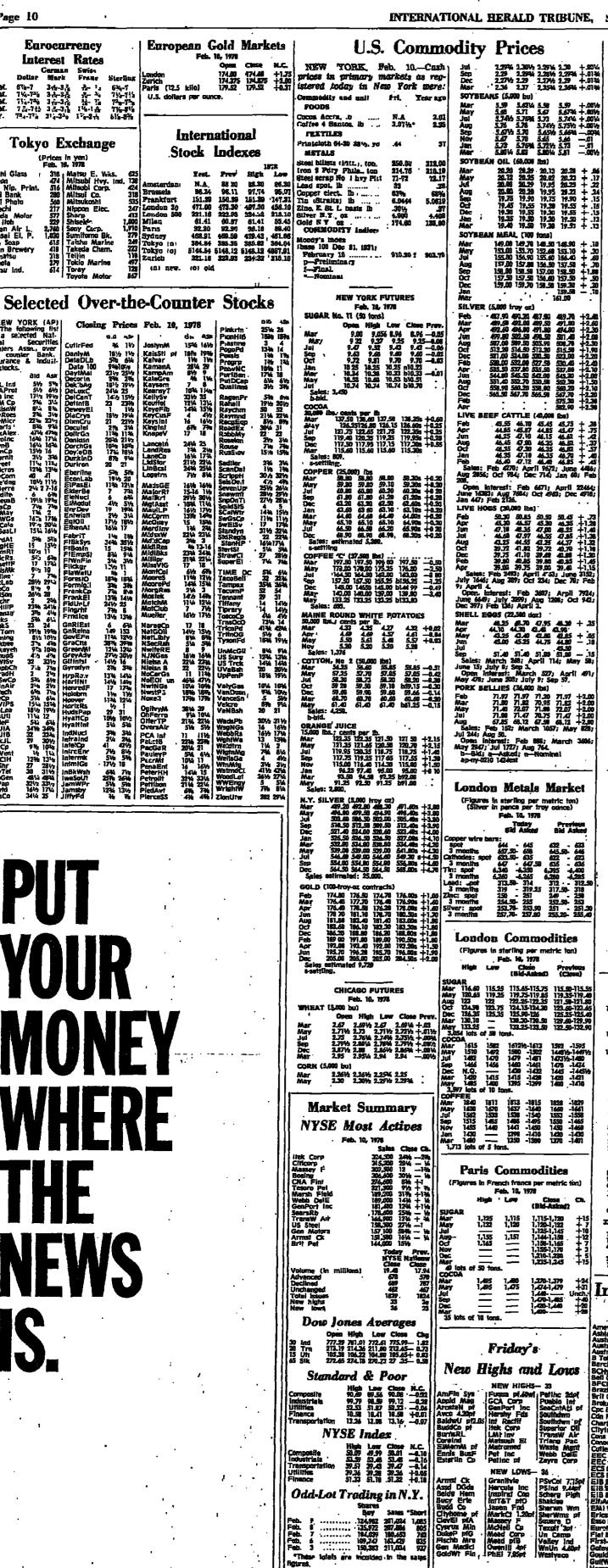
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EES Dutch Industrial Output
AMSTERDAM, Feb. 8 (Reuters).—The Dutch seasonally adjusted industrial production in-

NYSE Nationwide Trading (3 O'clock) Feb. 10 **U - V** 65½+ ¾ 32½+ ¼ 3%+ ½ 11½ 13¼+ ½ 17¼- ½ Toronto Stocks

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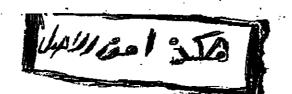
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dex rose 1.7 per cent to a pro-visional 118, base 1970, in Decem-

ber from the upward revised November index and was un-changed on December 1976, ac-cording to Central Statistics Of-fice figures.

American Most Actives

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PARIS, FEBRUARY, 1978



FOCUS ON

SAUDI ARABIA



Unique Wealth Propels the Kingdom to Global Influence

Conservative Power Dons More Assertive Diplomacy

By Joseph Fitchett

and North Africa.

Sensitive Missions

for post-Vietnam Washington

involved in diplomacy. The new-

ly-activist Saudi Arabia has help-

Comalia to break with the Soviet

Union. The Saudi role has been

Saudi influence is at work from Turkey to the western Sahara—

and even in France during the

crucial current elections always

in an attempt to financially sweeten compromises designed to

maintain pro-Western alignments.

do not appear to be a major source of friction between Riyach

and Washington these days. The Carter administration seems more

receptive to the Saudi view that

the energy crisis was largely of the West's own making not the

oil producers' doing, and that

(Continued on Page 3.)

Perhaps surprisingly, oil prices

TEDDAH (IHT),—Holding the oil deterrent in a world gripped by an energy crisis, Saudi Arabia has suddenly emerged as a key player in the Middle East and an important international factor in both politics and economics.

Overnight, Saudi diplomacy has become more assertive, using oil, wealth and prestige to counter radical trends in the Middle East and to block Soviet influence while expanding ties with the United States and Western Eu-

Long a rejuctant oil giant, which sought protection in self-effacement and cautious avoidance of risks, Saudi Arabia has become much more activist, par-ticularly since the new team of leaders took control in 1975. Despite this change in style, the substance of Saudi foreign policy remains the traditional one of maintaining the political climate that enables this nation to capitalize on its oil and wealth without outside interference, say diplomats in this "administrative capital" of the kingdom: Embassies traditionally were not allowed to operate in Riyadh, the "royal capital"—a policy which is ust changing as part of this kingdom's opening up to modern

The major Saudi safeguard i probably superpower détente with ts implications for regional staility; but Saudi policy looks afer its local interests by pursuing ollective moderation in the Oranization of Petroleum Exportag Countries (OPEC), moderation nd consensus among Arab states, negotiated settlement of the rab-Israeli conflict, Muslim soliarity and the eradication of left-

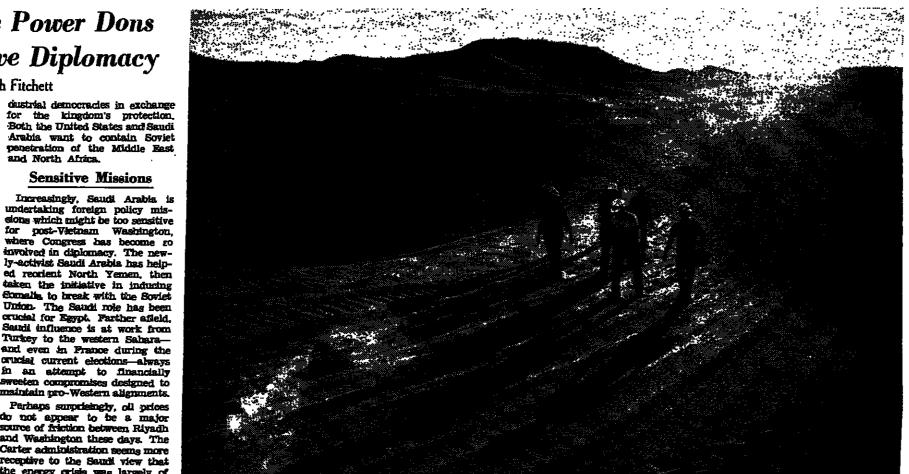
ring regimes in proximity to the Own Durability

From the kingdom's inception, the Saudi leadership has been convinced of its own durability if left with its original tribal population. The virus of Arab dicalism that could challenge its legitimacy and destroy its rule could successfully penetrate the region only through non-Muslim foreign forces, principally the Soviet Union. This resistance to Coreign intervention has been implemented by Saudi advocacy of birthplace of Islam,

should be free of athlest presence.

The mood of "greatness thrust upon them" as Saudi Arabia's prestige and wealth emerged after the 1973 war, is enhanced by the activist temperament of the new Saudi foreign policy elite: besides King Khaled, Crown Prince Fahd, a vigorous man, takes an active interest in foreign affairs: Foreign Minister Prince Saud, 37, the Princeton-educated son of King Faisal, has taken smoothly to jet-age diplomacy: Prince Turki, another son, has tuken over some functions from epecial advisor Kemal Adham, aithough the latter retains special responsibility for Egypt, which is the prime regional target of Saudi foreign policy. Egypt-traditionally counted as half the Arab world' because of its settled mass population and central geographic position—has always been a strong, close influence just across the Red Sea; the relationship between King Faisal and President Nasser changed to open hostility in the 1960s during the proxy war in north Yemen. Subsequently, Saudi itrategists have attached parlicular importance to moving the Egypt of President Sadat out of ts socialist orientation and into a cooperative relationship with Washington. In its new, powerful role,

Saudi Arabia has been thrust to he front rank of U.S. allies, trategically placed immediately chind West Germany and Japan. the Saudis talk about their "very recial relationship with the inited States. There is a basic ade-off: Saudi Arabia helps eet the energy needs of the in-



A prospecting team for Aramco trudges across the Emply Quarter Desert.

West Reliant on Nation's Willingness to Expand Oil Output the 1973 oil-price bilke, it was also believed that Saudi Arabia would

By Ian Seymour

HAHRAN (IHT).—It is no exaggeration to say that the economic well-being of the industrialized Western world in the 1980s will depend very much upon the continuing stability and benevolence of Saudi Arabia.

This is the case not so much because of the already vaunted financial power of the desert one's own borders are, in the final analysis, more of a hostage than a weapon-but simply because in a few years the West will probably be uncomfortably reliant on Saudi Arabia's willingness to expand its oil production to meet market demand.

For the moment, of course, and for at least the next two years, there will be no oil shortage. But sometime after that, when current influx from the North Sea and Alaska has

oil will begin to rise at a rate, a limit to how far they would be, ing supplier to the United States. requiring levels of Saudi output far in excess of the government's newly reimposed ceiling of 8.5 million barrels per day (bpd). source of oil OPEC or non-OPEC, is capable of supplying the

In view of the long lead times

now required to bring major new energy projects to fruition (sav. in the region of 10 years) and the fact that no really big development is in the offing after the North Sea and Alaska, one can see that there can be no energy miracle to deliver the Western world from dependence The only questions are: First. exactly what volumes of Saudi oil production will be required to avert a crisis? And second, will the Saudis be able and/or

willing to supply them? The Saudis have always been exceptionally responsive to the needs of the West both as regards prepared to go, even with the best will in the world. Some of the higher forecasts

for needed output from Saudi Arabia such as the 19-23 million bpd projected by the CIA for 1985, are out of the question as far as Saudi Arabia's readiness to supply is concerned. But even the more conservative forecasts. which but the world's requirement from Saudi Arabia at, say, 12 million bpd by 1985 and 16 million by 1990, are still stretching the limits of the possible.

Clearly, all these calculations are of crucial importance to a country such as the United States whose oil imports are projected to rise to something like 12 million bpd by 1985 from the current 8.7 million bod. (Even the most optimistic industry forecast estimates the 1985 figure at 10 million bpd; nobody believes President Carter's stated target of reducing imports to 6 million bod

accounting for 16 million bpd or nearly 20 per cent of the latter's oil imports in the first half of 1977, and this dependence is likely

With 1977 crude oil production of around 9 million bpd-topped only by the Soviet Union with nearly 11 million bod and ahead of the 8.2 million bpd of crude (excluding gas liquids) now being produced by the United States—Saudi Arabia rests comfortably at the top of the worki's oll-league table in terms of exports and reserves. According to government figures, the kingdom's proved recoverable reserves stand at 151 billion barreis, representing 28 per cent of the total for the mon-Communist world and 35 per cent of the OPEC aggregate. (Using a somewhat different measure, Aramco, whose concession area accounts for all of Saudi Arabia's oil fields with the exception

comes up with figures of 110 billion for proved and 177 billion for probable reserves.) Possible reserves for the Aramco area alone—that is anert from covered in the nest of the ccuntry where little exploration has been done-are variously put at something like 250 to 300 billion barrels.

Capacity

Aramco's present production and export capacity is rated at somewhere between 11 and 12 million bpd, although actual sustained production has not been held at much over 10 million bpd for any length of time.

The government's current plans apparently envisage raising ca-pacity to something like 14 million bpd by 1985, which represents a substantial scaling-down of an earlier Aramco scheme (Continued on Page 7.)

A Few Short Years See Sweeping Transformation

By James E. Akins

James E. Akins was United States Ambassador to Saud. Arabia from 1972 to 1975. He is now a private consultant on energy and Middle Eastern affairs.

WASHINGTON (IHT).—In the few years since 1973 the world role w and international image of Saudi Arabia have been transformed more rapidly and completely than those of any other country in history. Until recently the Kingdom of Saudi Arabia—as large as the United States east of the Mississippi but with a population less than greater Chicago—was known

in the West as the desert realm of its powerful eponymous found-er, Abdul Aziz Ibn Saud. It was the land of Mecca and Medina, two of Islam's three holiest cities, and the goal of all devout Muslims. Since 1950 it has also been an important source of oil, a fact which for two decades was considered only of minor importance in a world which be-lieved itself awash in cheap

During the Middle East war in 1973, Saudi Arabia led the Arab oil embargo: although it con-sidered itself a close friend of the United States, it also considered the Americans' massive military and economic aid to Israel in wartime as a hostile act. With the ensuing shortages, the Organiza-tion of Petroleum Exporting Countries (OPEC) saw what the world was prepared to pay for oil and along with its non-Arab members it raised the price of oil permanentiv.

A Cornucopia

In the immediate aftermath of be the main supplier of new cap-ital to the world. Although its capacity for spending money was greatly underestimated, the kingdom may still play an important role in world finance. Its annual income from oil is over \$35 billion, and this figure can be expected to grow with the increase both in production and in oil prices. It has been a cornucopia for oil companies, for construction companies, for builders of arms and for exporters of almost

Sandi oil and the wealth derived from it have given the kingdom an influence in the Middle East and the world to which no other country of seven mellion people could espire. Kings and presidents, foreign, defense and sance ministers from Europe, Asia, Africa and the United States are visiting Saudi Arabia; Riyadh has more official state visits then the United States,

Many visitors have their palms extended, and Soudi Arabia has been generous; its foreign aid

This Section

This special report was prepared and written by Joseph Fitchett with James E. Akins, Michael Field, G. H. Jansen, Michael Jansen, Bob Lebling, Mary Jo McConshay, Joseph J. Malone, Tom Marinelli, Joe Alex Morris ir. Ian Seymour, J. S. Skinner and Charles F.

The rival has a value of 3.53 to the dollar.

U.S. aid in absolute terms and about 30 times larger in per-

It has used its growing political influence wisely—first, under the late King Faisal and now under King Khaled, Crown Princ Fahd, Prince Abduliah and the

Moderation

Saudi Arabia has mediated disputes between Iraq and Syria and between Algeria and Morocco: it has tried to bring South Yemen back into the Arab fold and has worked to reduce Soviet influence in Somalia. It has been, and still remains. a force for moderation in the Arab-Israeli dispute, a matter of vital importance to the world. Almost equally important to the shortterm health of the world's economy has been Saudi Arabia's role in restraining oil prices. Saudi relations with the United States have been close and generally

Apart from chronic disagreements over the U.S. role in the formation and subsequent support of Israel and the acute problems during the October 1973 war, the Saudia, whose foreign policy has been at least as anti-Communist as it has been enti-Zionist have maintained for years that the real interests of the United States lie in the Arab world. They have also maintained that eventually the United States would understand that unbalanced support of Israel had opened the Arab and even the Muslim worki to Communist penetration and accordingly would respond with The Saudis are gratified by

what they term an unprecedented realism in the current U.S. Middle Eastern policy and they are anxious that it continue. The United States on its side has been pleased by what it sees as a new willingness to recognize Israel (at least de facto) and live in peace with the country. Protests on both sides that policies have not been changed, that they are firm and longstanding, are not to be taken entirely seriously. No previous U.S. president, for example, has talked of Israel returning to its 1967 borders or of the rights of the Palestinians to a homeland. And delenda est Judeo has stopped being even the implicit basis of Saudi Middle East policy.

Americans themselves are popular in Saudi Arabia. The Sandis like their openness and their honesty. The Aramco parent companies, the construction companies and the U.S. Army Corps of Engineers, all of which have planned and supervised major Saudi projects, have brought to the Saudis an admiration for American technology. When the Five Year Plan was

(Continued on Page 9.1

reached its plateau, demand for (not endorsed by the governby 1985 to be credible.) Sandi of around 3 billion barrels in the OPEC oil, and particularly Saudi remaram is about as large as oil supply and prices, but there is

Royal House of Saud-World's Richest, Most Powerful Clan

RIVADH (IRT).—The House of Saud—which gave its mame to Saudi Arabis and tightly controls the world's largest oil-exporting country—is the world's largest family enterprise. making the Rothschild banking octopus or Rockefeller's Standard Oil complex look like smalltown enterprises.

The Sauds are the world's richest family. Hundreds of princes of the line are personally multi-millionaires. The family controls and can draw on Saudi Arabia's national income, now approaching \$40 billion a year.

The Sauds are also the world's most powerful family. Their domain contains the largest known reservoir of crude oil on earth. By speeding up or stowing the flow of petroleum exports, they can push up or down the price of oil, affecting the lives of nearly every human being worldwide.

With a sparse population which is mostly backward, Saudi Arabia is a military creampuff. But the answer to "how many divisions do the Saudis have" is not a derisive giggle: the com-mander-in-chief, King Khaled Ibn Abdul Aziz Al-Saud, head of the family, has the oil weapon, worth many divisions indeed

The family has the final say in investment decisions on Saudi cash reserves the piled up, unspent surplus income from oil sales. This hourt of dollars, pounds, marks, yen, guikters and francs is approaching \$100 bil-lion. Any shift, based on whim, pique, politics, generosity or sound economic logic, quickly affects the currencies, stock and bond markets, commodity exchanges and interest rates by which all individuals, companies and nations determine their

A Nichė

If Saudi Arabia had a niche in the board room for "Our Honored Founder," the statue would be of Abdul Aziz Ibn (son of) Abdulrahman Al- (of the house of) Saud. Abdul Aziz—erroneously known as "Ibn Saud" to a Western world which has never mastered the complicated lineage and desert Arab protocol which determine Saudi names—was born in 1880, and ruled from 1902 to 1953. He revived the fortunes of a family which had dramatic ups and lowns in 150 years of camp ing for control of the Arabian His great-great-great-great-

grandfather, Muhammad Ibn Saud, started it all off in the middle of the 18th century. Muhammad, an ambitious b down chief, teamed up with a charismatic Muslim reformer, Muhammad Ibn Abdul-Wahhab, to gain control of the central Arabian plateau area, called Neid, with its capital at Riyadh. tinued to spread family control and the puritanical "Wahhabi" beliefs, first capturing the holy cities of Mecca and Medina in the western Arabian province of Heiaz, and then consolidating the family state to set up a political - religious administra-

In 1811 the forces of the Ottoman Empire intervened to quell the upstart Saudi challenge to Turkish control in the

Arab world. The family's power was decimated by Turks, internal squabbles and the rival Arabian house of Rashid. This period of eclipse drove the then Al-Saud leader, Abdulrahman, to take refuge in Knwait in 1875.

Wooden Door

Abdulrahman's son Abdul Aziz —the honored founder—led a band back into the interior of the peninsula in 1902 to recapture Riyadh from the Rashidis. in which the commander sits back and directs his men from a secure command post behind control of the heavy wooden door of Riyadh's mudbrick fortress. Abdul Azis was right there in the doorway, slashing with his sword next to a first cousin once removed named Abdullah Ibn Jiluwi...

This was the Abdul Aziz style as he captured the eastern province along the Gulf where the oil was later discovered. The Jiluwi branch of the family was given hereditary rights ern province as a reward for loyal service.

recaptured the Hejaz along the Red Sea, driving the Hashemite family out of Jeddah, Mecca and Medina, north to the realm where King Hussein of Jordan reigns today. He extended his control from the border of Iraq in the north to Yemen and Oman in the south and ended up in 1945 sating to Egypt on the destroyer USS Murphy with 48 relatives and servants, ten live sheep and a royal tent on the foredeck to meet Franklin

The deluge of oil wealth had started when Abdul Aziz died in 1953. He had chosen as his successor Prince Saud, his second and oldest surviving son of 36 male offsoring. Abdul Aziz also chose Prince Sand's successor. decreeing in family circles before he died that the crown prince under Prince Saud should be Paisal, his third son.

King Saud ruled until he was deposed in 1964. King Paisal followed until he was assassi-

to the governorship of the east-Khaled is Abdul Aziz's fifth son and the crown prince, Fahd, is Abdul Aziz subsequently also

The Saudi dynasty's ability to produce commanding national leadership was evident in King Faisal's ekiliful performance at the helm of state. During the decade when radicalism was on the rise in the Arab world, King Faisal kept his kingdom dis-creetly out of the fray, then emerged as the architect of a dignity as the wielder of the oil

Originally viewed as a critic of the United States, then later, once he became king taxed with being an uncritical American ally, King Faisal consistently championed conservative pan-Islamism es en alternative to Nasser's militant pan-Arabism. By the end of his life, King Paisai had raised Saudi Arabia to a new height of Arab prestigeand had set the stage for the kingdom's emergence into superwealth and influence.

A profoundly religious man in (Continued on Page 8.)



Foreign Aid Policy: A Commitment to Redistribute the Wealth

RIYADE (EIT).—Nobody look— ing to use their own bargaining development projects) or general strength to get the Western napolicy, the aid programs or the foreign policy of Saudi Arabia should ignore the nation's commitment to redistribution of the world's wealth.

The nations of the Third Would share an emotional and nationalistic bonst which like the ideal of Arab unity is more spiritual than serviceable but which nevertheless provides one of the basic motivating forces behind their foreign policies.

The Arabs in particular are deeply conscious of their sufferings in the past at the hands of richer and technologically supe rior nations. They feel strongly that the terms of trade traciitionshy applied to their own and other developing countries' main export commodities were unfair. Specifically, they resent the West's domination of the manufacturing process, enabling it to set international trade rates at levels which have enriched its own people while keeping the populations of the Third World at near-subsistence levels. West-ern dominance left the Third World governments with insufficient capital to invest in their own development—to improve the lives of their own people and give them greater economic independence-and in Third World eves this in turn has prevented the independence.

Inevitable

This may be an emotional and economically unscphisticated way of looking at world trade and development. Nevertheless against this background it was inevitable that the Saudis and the other oil producers, having overthrown the old economic order applied to their own export commodity, should have felt bound to launch big aid programs for their fellow

developing countries.
In 1976 the OPEC countries gave 2.7 per cent of their GNP in aid, a much higher proportion than the industrialized countries none of whom has ever attained the UN target of 1 per cent. In the same year Saudi Arabia also stood as the world's second largest donor in absolute terms, after the United States

At the Conference on International Economic Cooperation (the North-South dialogue) the oil producers adopted a policy of trytions to give more aid to develop-

Yet despite their concern, several criticisms, mainly from Third World countries, have been leveled at the OPEC countries' aid

Wrong Type of Aid

First, it is claimed that much of the aid from the OPEC states has been of the wrong type. It project aid (loans tied to specific tries, the Arab-African Oil As-

ment loans made on an ad hoc basis, but not as continuous balance-of-payments support designed to offset the impact of high oil prices on non-oil developing

It is true that Saudi Arabia. has contributed to the International Monetary Fund (IMF) recycling facilities and the World Bank. It has also participated in the Oapec fund to finance the has come mainly in the forms of oil imports of non-oil Arab coun-

sistance Committee (administering a small, similar fund for African countries), and in the OPEC fund for developing countries as a whole. But it has been notably unenthusiastic about all of these

The suspicion exists that these shortcomings stem from the fact that there is more glamor attached to project aid, and balanceof-payments support administered to all developing countries on a regular basis could be very expensive.

they fear that balance-of-payments support ends up being used to finance semi-luxury imports. This is partly valid but it ignores the fact that there are many more economically beneficial imports brought into developing countries than just those associated directly with development projects.

Uneven Distribution

never been regular. There has bilateral and ad hoc character of been some dispute over whether The oil producers reply that Saudi and other OPEC aid, the at the Rabat summit in 1973

distribution of money among the recinient states has been uneven. The countries that have received most money have been Arabparticularly the "front line" states involved in the confrontation with Israel Most of the funds received by Egypt, Syria and Jordan, including all the funds received for military purposes, have come in the form of grants (gifts), but the exact amounts have never been published and the flow has

Saudi Arabia and the other do- the sense that it charges only nors committed themselves to service fee on the loans it make making a series of regular payments or a one-time gift.

have been given the most in Saudi aid have been non-Arab Muslims. Part of the aid flowing to these countries has come indirectly, through the Islamic Development Bank (IDB), which is based in Jeddah. Saudi Arabia is its major substriber.

Apart from being owned tirely by Muslim or part-Muslim countries, the bank is Islamic in

Recipient contracting companies

may have foreign shareholders, but the fund will not lend to joint

venture companies or to wholly

foreign concerns. Loans may

cover up to 75 per cent of the

equipment or materials needed by

the contractor, or 20 per cent of

ing that it does not exceed \$300

Lightly Controlled

The three big funds-PIF,

value of the contract provid-

ment:

lemma by concentrating its a After the Arabs, the states that on making equity invisionents industriai projects, intending seil cli its shares once the me ects are working profitably. The influence that Saudi &

It avoids the whole interest

bia exerts on Muslim comi through the IDB is difficult identify precisely—the bank more a part of the current lamic revivalism than a come it-but with its direct bilet aid to Muslim countries & Arabia has exerted powerful p sures in favor of the readopt of strict Muslim social pract and legal principles. Import Saudi successes have been

Sudan and Pakisten. In general Saudi aid is his political-especially in the c of Egypt, Syria and the kingur neighbors in southern Arabia the Horn of Africa, where Saudis are anxious to root all Communist influence. applies rather less to the Se Development Fund (SDF) kingdom's own project aid be which lends to all parts of developing world at interest r varying from 2 to 5 per cent operates invariably in confi tion with other Arab or non-g aid agencies because it does vet have the staff to carry

its own appraisal work. But even this institution not lend to countries with w Saudi Arabia has bad relati and it will give bigger loans better terms to friendly count

Politically Effective

As to whether Soudi ak really politically effective, t is some doubt. In the short to the kingdom's aid has been tremely influential, helping boost the kingdom into m regional power. The Sandis clearly very pleased about because they have strong po Kuwait, the other major 's

and whatever influence & with former recipients would appear immediately.

State Funds Designed to Funnel Capital to Private Sector

By Michael Field

RIYADH (IHT).—In an effort to stimulate the private sector in a country whose revenues from government, Saudi Arabian government development policy makes extensive use of six special state-owned funds.

These funds which were established or expanded after the oilprice boom, are designed to funnel long-term capital to the private sector to complement the state's own direct development spending.

The funds, which lend for industry, property development, "public investment," contractors' equipment, agriculture and social purposes, have committed nearly \$10 billion ,ver the past three

Two special features of the Saudi private sector made this approach necessary. First, ordinary commercial banks in the kingdom have very little longterm money at their disposal: depositors prefer to hold their money short-term. Second, in the 25 years before the oil spurt. Saudi Arabia had to spread its oil revenues thinly and it never embarked on social policies de-signed to enrich its own people (in contrast to Kuwait, for instance). When oil revenues skyrocketed in 1974, the private sector lacked caiptal to participate

in the development plan. All these funds charge either no interest at all or levy only a 2 per cent service fee. There are huge variations in size among the funds, in the degree of suc-

 Saudi Industrial Development Fund: The SIDF was established in 1974 to lend to private industry which in practice means everything outside the hydrocarbons sector and has since been given the additional task of financing part of the expansion the kingdom's electrical utilities. Last year it had \$850 million in capital paid up for the first purpose and a separate allocation of \$1.5 billion for the utilities. The fund, which is managed by the Chase Manhattan Bank, will lend up to 50 per cent of the capital requirements of any industry that the govern-ment considers desirable for Saudi Arabia Ideally, these industries should be non-labor intensive and competitive with imports, though the government will give tariff protection to an uncompetitive industry felt to benefit the kingdom. To be eligible for loans, companies must have at least 25 per cent Saudi participation.

By far the largest section of SIDF's lending portfolio is ac-counted for by building materials industries: cement blocks, aggregates, ready-mixed concrete, clay bricks, steel mesh and aluminum products. Most loans have been for less then \$3 million, with the exception of cement plants. Other large loans have been for steel pipes phosphate fertilizers and esbestos cement pipes.

The fund does not apply a

cass they have achieved and in to lend to candidate projects, their modes of operation. to lend to candidate projects, and it lends to many that are admitselly speculative Given such factors as the high rate of inflation in Saudi Arabia, which may render a project uneconomic between the start of construction and a plant's completion, the fund inevitably risks seeing some

clients go bankrupt. • Public Investment Fund (sometimes wrongly known as the General Investment Fund): The PIF was established in 1971 with a capital of \$290 million to take over the finance ministry's role of financing state enterprises expected to yield a commercial rate of return. In effect, this meant leading to private industry and state corporations and encouraging the private sector by taking equity stakes in new ventures that could later be sold to the public. The PIF's promoter (former Finance Prince Mussad Abdel-Rahman) believed that having a special government agency to do this would help ensure that government money was spent more carefully and with greater regard to obtaining a good rate of re-

planned. Its capital, which has been raised to just under \$3 billion, is now almost exhausted, and it has been committed almost entirely to state institutions. Very few state projects have been refused loans, and huge amounts have gone to Petromin, the state petroleum corporation, and Sau-dia, the national sirine. Recently, the fund has become involved commercial bank's strict feasibil- in the eastern province electricity ity criteria in deciding whether grid and in joint Arab ventures

The fimd has worked out as

neither of which fall within its original brief. The fund could face problems in the early 1980s if repayment is slow from Petromin

• Real Estate Development Fund: The REDF began operations in August 1975 with a capital of just under \$4 billion, which by the time its activities were suspended in May last year had been increased to \$6.6 billion. This fund has two categories of op-eration. First, it will lend inter-est tree to individuals who want to build their own homes. Borrowers must own the land on which they wish to build (only in the more fashionable parts of the largest towns have land prices scared totally out of reach of all but the richest Saudis in recent years), but thereafter the fund will lend them up to 70 per cent of construction costs up to a calling of 300,000 Saudi riyals, without regard to the size of borrowers' meomes. Renevments are spread over 25 years, after a twoyear grace period, with 20 per cent foreiven at the end. For citens who are too poor to obtake loans on even these generous terms, the ministry of housing has its own building programs designed to provide a minimum standard of housing for all

Second, the fund lends up to half the cost of building commercial properties, mostly spartment blocks containing over 50 housing units each, up to a construction-cost ceiling of \$3.5 million. Loans must be repaid in five

During the 20 months in which companies to enable them to buy

the fund was signing loan agree-ments, REDF made an average of 800 commitments per week, lending for some 100,000 housing units, of which half are now complete. Given an everage of seven people per unit—the units are quite spacious even by Weststandards this means that the fund has already provided homes for 350,000 people.

Agriculture Bank: Founded 15 years ago, the bank's capital rose to \$225 million by the last financial year. In addition to giving loans to individuals rompanies and co-operatives for agricultural improvement sche and new projects, the bank helps administer the subsidies that the government makes available for purchases of machinery, fertilizers and fodder. The rates of the subsidies vary, going up to 50 per

· Credit Bank: This very small institution was established in 1971 for the purpose of lending to relatively poor Saudi citizenswith incomes not exceeding \$5,000 a year—for social purposes. Most loans are given for marriage and medical treatment, with other credits going to finance minor capital purchases by craftsmen The bank's total resources, made up mainly of government deposits. come to only some tens of millions of dollars.

· Contractors' Fund: Surprisingly, this fund has not been very active, even though it has been established since 1974. With a capital now increased to \$70 million, the fund's purpose is to lend to Saudi individuals and

SIDP, and REDF—have commi ted the better part of the \$10billion total fund program.

The operations of the six funds have been the source of an outpouring of funds from the government into the private sector that has been only lightly controlled. One effect has been to enrich the private sector. And given that many individual borrowers from the SIDF and the REDF were not exactly short of money themselves, in many instances the funds must simply have fueled foreign investment. land speculation, or the purchase

Similarly, money from the PIF has sometimes been lent to private sector projects not because the iromoters needed additional capital, but because they believed that having state capital in their projects would give them a stronger case when they wanted to persuade the government to make its purchases from their plant, to subsidize them, or grant them tariff protection.

cal ambitions, of the sort w aid-giver, does not. But in the longer term S aid may not be so effective p ically. Given the rate at w it is increasing its internal aping, the kingdom could find itself with much less m to give away or lend ebt

BAHRAIN KUWAN

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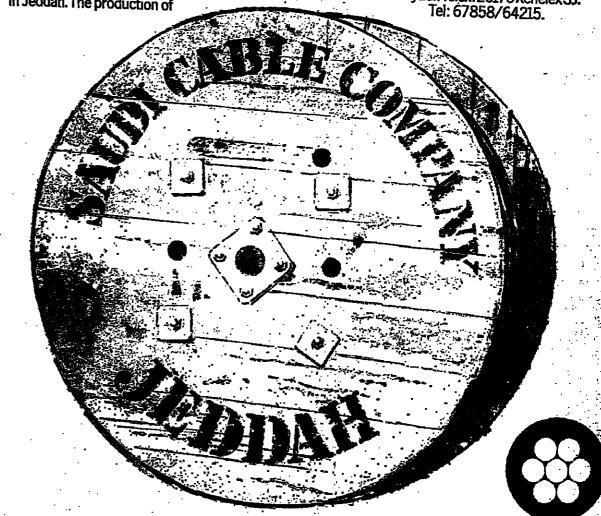
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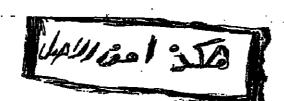
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eal Economic Future Is Dependent on Government Domestic Spending

By J.S. Skinner

JEDDAH (IHT)—Sauce of the sauce of the world r a very, very long and Arabia arabia knows that Saudi Arabia to rich but few people seem to adure. For instance, big mineral otential is indicated by the inmaive current prospecting. Andi officials experyears a mage with copper, phosphates, gold and

an income is not the only unsul feature of the economy.

il accounts for 99.9 per cent The magnitude of Saudi Aratotal 'exports, and the full the Saudi government. So
is government is the arbiter, to inefft of oil earnings accrace oney's flow inside the kingdom. -- The nightmare of all oil-proscing countries is that in the rocess of converting their oil serves into "open air" investants above ground, their wealth ill somehow slip through their ogers and disappear so that they re left with nothing but some ning wells. Too rapid spending vices can cause domestic inflaon-a problem compounded by rorld inflation which in turn Liels the local problem and ests way the value of foreign incatments In addition, the insimultaneously acts as incentive for immediate spenditically [18]

Flood of Money

-- : When the flood of money—the

Sirute g

alled it—burst on Saudi Arabia in and 1974, the kingdom prepared a ambitious five-year developvient plan that budgeted for exanditure of \$142 billion, more .an .\$17,500 per capita. This ambitious effort created - ... posicierable tension within the overnment as well as enormous hysical and practice; problems ounger men were in a hurry to ensform the country. Others the a more traditional approach readed the revolutionary effects ist might be expected in the ends of a population being ustled out of the ancient substence life-sigle into the modern

Apart from the cotlet and moral panies over a certain size should problems inherent in such a shock build their own accommodations. program; development led very The government appropriated a quickly to serious practical eco- sum of \$2 billion in the 1977 nomic problems in the form of budget to start on a \$15-billion domestic inflation. The official program to build 59,000 housing nate of inflation in 1976 was given . as 32 per cent, although it was probably considerably more. It and even rents of some lowerwas enough to make the government realize that it was trying to to pull on the reins

Prices were rising because it was physically impossible to meet the emant generated by the government for the supply of goods and services. Ports were inopelessly congested, labor was short, land was being hourded and speculators were seizing the oppor to corner markets in all kinds of casic commodities. The Saudi government realized that its vast resources were being plundered by its own people and that it was losing control of the economy. This called for strong measures.

The reaction of the Saudi government to the situation was impressive and reveals some important aspects of the Saudi character. The government went straight to the root of the problem and tackled the bottlenecks that were creating the shortages that caused prices to rise. By taking tough measures, which were rigorously imposed, they cleared the ports in an amazing ly short time. The flood of goods from the ports onto the market brought prices down as merchants found themselves overstocked and short of cash.

.To protect those on fixed incomes from the effects of inflation, the government cut taxes and duties, subsidized basic foodstuffs and set up a food corporation to ensure steady supplies, which would frustrate speculative Companies seeking the big de-

velopment contracts saw their bids thrown back at them and many contracts were trimmed after they were awarded, as an attempt to cool the economy. Housing was the sector most dramatically hit by inflation. Only Saudis are allowed to own land, so property owners were ab'e to charge what they liked to foreign firms, who in turn passed on the cost in their contracts to the government. New regulations took the pressure off the demand by stipulating that foreign com-

units. The heat came off the real estate market: Prices stabilized.

only high oil prices will provide

development of alternative energy

sources. Moreover, the price leap

in 1974 was comparatively less

harmful to an off-rich country

like the United States than to

industrial competitors like oil-

poor Japan, diplomata here argue.

Subsequently, too, Saudi Arabia

has been a moderating force in

Rivalry

Nor does the rivalry between

Saudi Arabia and Iran seem to

have much current substance. On

the contrary, the American con-

cept, elaborated at the time of

the British withdrawal from the

arrangement of Iran and Saudi

Arabia together assuring the re-

gion's security, seems to be working better as the Saudis become

mere confident of their Arab

prestige. The two regimes are coordinating their policies more

closely on a range of issues, no-

tably on the suppression of rad-

ical influence in the region, even

The latent fear of the Shah as

azi ambitious leader is being crod-

ed here as Sandis realize that

Iran, as an oil power, is a "has-been," whereas Saudi Arabis is

growing in strength. The Shah's

new moderation on oil prices re-

flects this shift in power. And

docusday scenarios of Iranian

bredentism on the Arab side of

the Gulf appear increasingly im-

probable in light of the growing

collective self-interest of the oil

Saudi Arabia is increasingly

recognized as the primate Ara-hian state—the "father of us all,"

as Kuwait's rulers said in asking

lences on the death of the late

Emir. Throughout the peninsula,

King Khaled to receive condo

states as a group.

as far afield as Ethionia.

Gulf in 1971, of a "twin nillar

economic incentive to the

The market in undeveloped land was less affected, although prices are tending to stabilize at the very high leve's that they reached during the past three years. Land is an attractive alternative to bank deposits for the private

private Saudi game of Monopoly for grown-ups using real money in astronomic amounts. Undevelcped land plays an' important

part, too, in the distribution of wealth, since the government pays generous compensation for mercial bank credits to private

to their relatives and retainers. On the financial front, the Saudi Arabian Monetary Authority (SAMA) kept its severe restrictions on the commercial banks so that the ratio of com-

Developing a More Assertive Diplomacy

politically and geographically, as demonstrated by the newly recognized Saudi corridor between Qatar and the United Arab Emirates, the planned causeway to Behrain, the links with North Vemen and talk of a Saudi-owned pipeline running south to the ian Ocean between Oman and

South Vemen The most divisive issue for the U.S. Saudi partnership remains, of course, Israel, However, U.S. ats are convinced that Saudi Arabia has made strennous efforts to facilitate a neontlated settlement and that the kingdom. in fact, would be even more flexible once it is convinced that Israel was sincerely ready to make compromises for peace. But it remains the one issue which could push Saudi Arabia into a confrontstion with U.S. policy, in the shape of an oil embargo or punitive ceilings on oil production

In their thinking about Israel, Saudi ideologues have long since abandoned the old demonology which portrayed Zionist Israel and the Communist Soviet Union as the Janus-like faces of the same millennial Jewish conspiracy. Now the Saudis emphasize the more reasonable point that the unsettled Israeli conflici is benefiting the rise of radicalism in the Arab World The minimal Saudi position for

a deal with Israel probably comes down to a credible formula of self-determination for the Palestinians and some arrangement whereby the Old City of Jerusalem would not be under Israeli jurisdiction, but the Saudis are not going to be stampeded into going "public." When U.S. administration officials repeatedly announced prematurely that Saudi Arabia was about to publicly back President Sadat, or sway Jordan, or embark on a Syrian-

a basic misunderstanding of the Saudi technique: never go public until success is essured. The Sandis have waited for the rine moment before committing their

New Style

Sandi Arabia's new power and style were displayed most conspicuously in connection with Lebanon's civil war. When the fray appeared beyond control, the Saudis summoned the main contending factions to Riyadh and used their full weight to extract a settlement. It was an impressive show of authority, probably unmatched by any Arab country since Nesser's death.

In their attempt to cast themselves in the role of the Arab world's "honest broker," the Saudis stress mediation and commromise Sandi Arabia's concent of Arab unity differs from the radical Nasserite Ba'athi or Qadhaft approach espousing alignments as a prelude to permanent merger of governments and states. Instead, the Saudis seek consensus and cooperation among indepen dent Arab states and leaders.

This foreign policy approach enhances the strongly personal style of Saudi diplomacy, which is managed by the handful of powerful royals; technocrats, led by the sophisticated Oil Minister Sheikh Ahmed Zaki Yamani, are increasingly replacing foreign technicians, but they remain firmly executors, not policymakers.

As more trained Saudis join the foreign service, the kingdom will pursue more actively a whole range of interests currently left in abeyance: for instance, the battle over anti-boycott rulings in the United States-which could have compromised the Saudis' crucial modernization plan-large- a venerable principle here.

firms with Saudi interests. So far. the shortage of trusted manpower, the Saudis' uncertainty about their own image, and their means of leverage, primarily the checkbook, have meant that Sandi Arabia has wielded primerily a veto power rather than a decisive

Saudi power, flowing from a barrel of oil, takes the form of aid, investments, arms purchases, access to oil and even huge construction contracts (which are consciously street among friendly countries). While the exact distribution of Saudi largesse is a closely held secret, nearly 50 countries are said to be reciplents of the \$10-billion annual allot-

Those receiving the largest amounts are the "confrontation states." Egypt gets \$2 billion in economic aid pins \$1 billion in arms purchases. Syria gets around \$1 billion, paid less regularly because Saudi relations are less smooth. When Jordan is added, these three states get 40 per cent of total Saudi aid. In this sweeping arc of new

influence, Saudi Arabia also lays great stress on bolstering Islam. Viewed as the leader of the world's Muslims, the ruler of Saudi Arabia is addressed formally with the ritual invocation of long life "for the sake of Muslims and Arabs."

The notion of Muslim solidarity came about as an antidote to Nasser's radical pan-Arabism. It is still seen as a useful ideology for managing the stresses of change in this part of the world. Saudi diplomats also argue that Muslim solidarity offers a much broader potential base than Arab unity another modern application of

quality buildings started to come Saudi citizen and dealing in virgin private land it needs and princes sector imports actually declined down. Saudi citizen and dealing in virgin private land it needs and princes sector imports actually declined and sheikhs often give land away in 1976, although currency in and sheighs often give land away in 1976, although currency in circulation plus all private sector deposits at commercial banks increased by 57 per cent and total government expenditure rose by 121 per cent. The proportion of bank cash and deposits with SAMA was maintained at the high level of 30 per cent of halance sheet total.

Overall, these measures have been remarkably successful. A recent study by foreign consultants for the Saudi government is reported to have concluded that there is no need now to. cut back on plan targets because of lack of capacity. They apparently consider that the construction industry—which has come under the heaviest pressure-is working 20 per cent below capacity and can expand to meet the demand projected in the plan They urged the government to spend more on public-sector construction projects and to lend more to the private sector.

Private Sector

The massive transfer funds from the government to the private sector is fundamental to the Saudi policy of developing a thriving private enterprise economy that is not based wholly upon oil. A range of government development finance agencies has been established to assist the private sector in financing agriculture, real estate, industry, contractors and general investment. Through these agencles the government hopes that it can stimulate productive endeavour. It is the kind of policy one might expect from the Rockefeller family if they became as rich as the Saud family and were given the hereditary presidency of the United States.

The development of the domestic economy inevitably implies diversification from oil. Emphasis is given in the plan to increasing agricultural production in order that the country may become less dependent on outside supplies of food. However, water shortages severely restrict the scope for expansion so that even the ambitious plan can only project a 4 per cent annual growth rate for this sector. More ambitious targets have been set for the manufacturing industry (14 per cent) and construction (15 per cent).

fication well under way and indomestic economy can be expected to absorb larger investments each year. The contribution of the non-oil private sector to the GDP is growing fast—by 41 per cent in 1975 and by 48 per cent in 1976.

The large gap between government revenue and expenditure -\$7.5 billion in 1976—does not seem likely to narrow quickly.

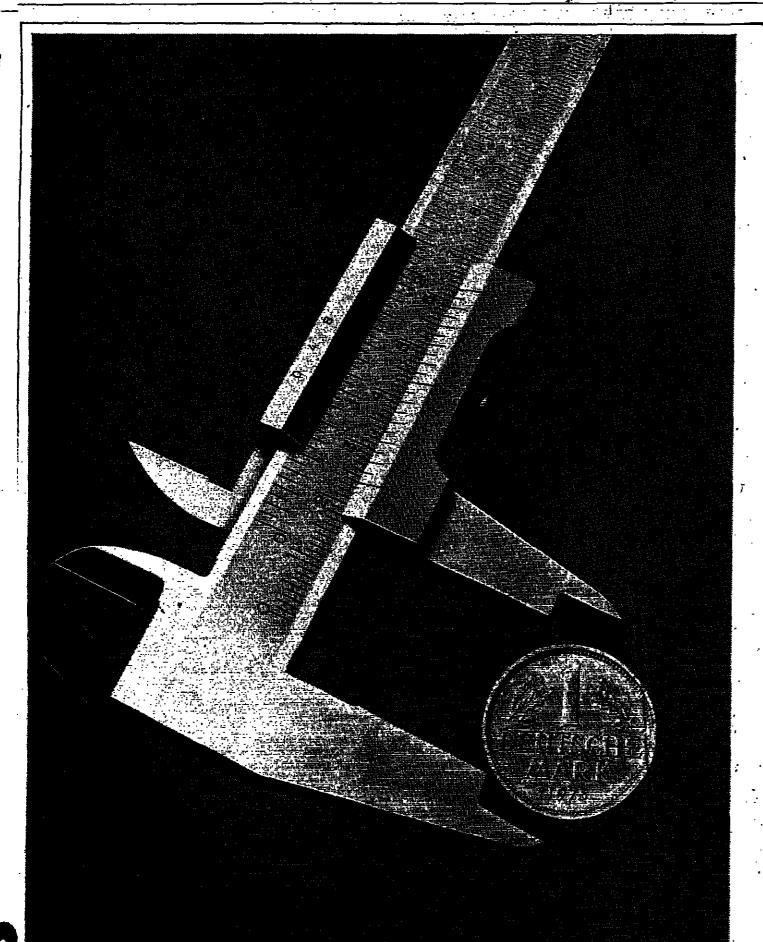
Responsibility

SAMA's foreign investment policy is very conservative, and investments once made are seldom changed. The unsettling effects on world money markets if shifted about would seriously prejudice the present smooth and continuous placing of funds. Realizing how politically sensitive foreign investment can be. SAMA does not buy real estate overseas nor does it purchase more than 5 per cent of the voting stock of any foreign company. a result, it claims that the return it gets is about 8 per cent on average as compared with 10 to 12 per cent on Kuwaiti funds. This, is typical of the Saudi sense of responsibility in handling its rmous funds and its awarene of the need for a long-term approach.

The size of its revenue and overseas investments is giving the Saudis an increasingly vital and significant place in the world economy, despite relative smallness of its population

For example, the proposed Common Fund, which is to be set up to finance Unctad's Integrated Program for Commodities is intended to have an ultimate capital of \$6 billion of which \$4 billion will be borrowed internationally. It is well within Saudi Arabia's financial scope to facilitate the financing of what is probably the single most important component of the new international economic

Saudi links with the United States together with the government's belief in individual enterprise are an indication that the influence of the nation's leader on world affairs will be a conservative one, aimed at enhancing international financial stability in their own interest.



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Saudi Students Prepare For Technological Independence



A young Saudi from the General Directorate of Meteorology receives instruction in communications techniques. He is just one of many Saudi Arabian students already benefiting from his government's far-sighted policy of giving high priority to technical

One of the published well known aims of the Saudi Arabian government's five year plan (1976-1980) is to double the numer of schools and the number of students receiving free educacollege students, now numbering some 14,500, will be increased to cater for nearly 50,000 undertaking higher education. As has been the case for at least twenty scholarship to an overseas uni-

versity has all expenses paid. The ultimate objective of the government's enlightened approach to education can be seen as a desire to provide, from within Saudi Arabia, adequate technical manpower resources for the country's continued development.

By its very nature, however, the education programme is recognised as a long term stratesy. In the meantime to speed the technology transfer to Saudi nationals, a number of government administrations have already organised the provision of specially devised technical courses covering the range of subjects and specialised skills needed within particular departments. Very often these training programmes are managed in conjunction with those overseas companies already under contract to give the temporary 3

assistance needed for the de-

velopment of essential technical

Typical of this sort of technical development programme is one being masterminded by the Saudi Arabian Directorate of Meteorology. In England 230 young Saudis have already completed a full year of intensive language training as a pre-liminary exercise prior to their starting technical training.

In October 1977, by contractual arrangement with International Aeradio Limited (IAL), the U.K. based aviation technical services and communications Group, the students moved on to study Electronics, Radar and Communications Engineering at Bailbrook House, IAL's private training College in the West of

During the running period of LAL's present five year technical services contract with the Met. Directorate, the students about to commence training at Bail-brook House will qualify as engineers and technicians. The Directorate's long term technical systems development plans are therefore backed by a fully programmed training scheme. The scheme will ensure that in the not too distant future qualified Saudi nationals will be available to operate and maintain the advanced technical systems at present being imple-

Jones



A Massive Program to Modernize the Armed Forces

EDDAH (IET).-Defending the using it, and Saudi Arabia is and four intentry brigades plus practorian-guard role has lost world's biggest pool of oil, Saudi Arabia has embarked on an expensive crash program to modernize its armed forces. But even spending and training as fast as possible, Saudi Arabia can expect to enter the 1980s with comparatively small military machine with only defensive capability or intentions, military observers here say.

In Saudi defense planning, military power often counts for less than political considerations: the need for internal security against a coun: development of military strength credible enough to disarm fellow Arabs' criticism and to delay an attacker, assignment of supply sources so as to win over other countries

Ultimately, Saudi Arabia relies heavily in the military sphere on its special relationship with the United States. In turn, the United States-through its military mission, 10,000 civilians here on defense contracts and big arms sales—is more deeply and directly involved in Saudi Arabia's forces than in any other foreign army except per-

The kingdom is a lucrative market for American armsmakers. After Iran and Israel. Saudi Arabia is the largest purchaser of U.S. military equipment. Many Saudi military purchases actually involve infrastructure like airports and harbors rather than deadly "end items." The arms purchases—the bulk of which go to the United States-ran to \$7.5 billion last year (a quarter of the national budget)—of which U.S. suppliers got only \$2 billion compared to \$5.8 billion the previous

The Arsenal ·

The weapons include Hawk anti-sircraft missiles, F-5 fighters, light naval craft. Sidewinder and Maverick air missiles, tanks and artillery. Now Saudi Arabia has resumed its active quest of sophisticated F-15 Eagle fighter-bombers—the most lethal aircraft in the U.S. catalogue. The Carter administration has promised to make every effort to obtain congressional approval of the sale, with delivery in the 1980s.
A formidable-sounding argenal,

this array of weaponry is only

a long way from having a modern army. Most analysts believe that Saudi Arabia wants modern weapons and an army primarily for political credibility, not because the kingdom imagines it can ever dispense with the help of more advanced Arab allies and nitimately the United States.

Saudi Arabia's growing emcontaines and its developing na-tionalism have made it in-creasingly conscious of potential enemies. The netion's planners worry about three distinct posstalities. In the immediate present, Israel and the People's Democratic Republic of Yemen ere a threat. The scenario of a possible Israell air raid on the oil fields is dismissed by most Saudi politicians, but the military chase about it, rather resignedly. They can do more about South Yemen, their radical southern neighbor: When tension arose there early this year, Saudi troops moved nearer the border in a show of strength

In the looser term Sendi Arabia must ponder the balance of power with Iraq, Iran and even neighboring North Yemen. Today Iran aori North Yemen are ealiss of this kingdom, but Saudis worry about Iran "after the

Like all governments, however, Saudi Arabia's leaders also want to forestell internal subversionwhether sabotage in the oil fields or a violent bid for power. Ironically, the single documented case of conspiracy here was centered in the oir force a decade ago, and Saudi leaders have seen eral Arab monazehs overti by armed fonces. Although the Saudi royal family posses a unique legitimacy in the Arab World, inherent caution has produced a major structural feature of the Sauth military establishment: the division of the country's armed strength into two completely separate forces, the regular armed services the National Guard, a tribally-based, paramilitary force. The two military establishments complement each other, but also counterbalance one another in any political struggle. (Both the army and the National Guard also contain special sections assigned to guard against possible

military insurgencies.) The dominant armed force in Saudi Arabia is the Royal Saudi Army—established at 35,000 men enti-exercit and antillery battalions and one parachut battalion. The air force (12,000 men) has made significant progress to the present complement: two fighter-homber equadrons, two counter-insurgency training squadrons, two intercentor amadrons, two transport squadrons and two helicopter squadrons. The nevy (3,500 men) is the

least developed armed service. Alongside this establishment exists the paramilitary National Guard (also known as the White Army)—a "family army" intensely loyal to the leadership and a formitiable obstacle to would-be usurpers. It has just over 25,000

The two forces have separate roles, training, logistics and chains of command: the regular forces report to Defense Minister Prince Sultan white the National Guard is run by Deputy Premier Prince Abdullah

The idea is that the National Guard—which is tribally based and primarily comprised of bedowin from the Nejd province in central Arebia, the origin of the Sand family—would be loyal even if plotters succeeded in inflitrating the regular armed forces.

High Loyalty

The high loyalty of the National Guard is reflected in the fact that they have responsibility for the cal fields. There are no regular ground troops stationed in the eastern province. As the Sand family has be-

importance, and the National Guard—which is being modernized by Vinnet will ultimately become a strategic reserve. (The King's personal protection is assured by the Royal Guard, a battalion of handpicked, fanatically loval bedouin.)

The National Guard are spiritual heirs of the old Ikhwan, led by Abdel-Aziz in his reconquest of Arabia: Based on the concept of religious brotherhood, each Ikhwan community accepted arms and funds for its homes and schools and in return supplied fighting men. Today the National Guard is still an institution for making payments to the tribes and ting funds to the villages.) Regular pay is the only common denominator of all the different units: each is led by a local chief, and they vary in size and effectiveness from an loccasional weekend appearance to the modern troops being trained by

In building a defense force. Saudi Arabia started with handicaps: no modern military tradi-tion, reluctance to use foreign rcenaries because of distrust or to impose a draft for the same reason. Gradually, an army is taking shape, and compulsory military service can be expected as the government becomes more confident both in its own leadership and in its out internal

However, army-building suffers permanent constraints: a small population and the competition with the lucrative private sector

three arms of the services are understrength, leadership is slow to develop, and the army will never acquire the mass for an offensive capability. Even in the air force, where many royal princes serve, the hrighest youngsters gravitate to Saudia, the national airline.

Responding essentially to political needs—giving the govern-ment a defensive force, mobilizing the tribesmen, underpinning internal security—the armed forces reflect Saudi politics in another form: deliberate diversification of the sources of supply. While governments often buy from different countries in order to play off rivals in a squeeze, Sandi Arabia shops around in order to get more international political support and to share the bonance. in military orders \$7.5 billion

Equipment '

In the army, most units have U.S. equipment although four separate mechanized battalions are being equipped with French tanks mounting a specially-de-signed Shahine desert missile. Support items come from all over the world: radios from Britain, other stuff from West Germany, Taiwan, Kores, Belgium. The biggest contract of all belongs to Raytheon, which supplied the Hawk missile network.

In the air force, planes come from the United States: Lockheed not only supplies the Hercules transport but also a variety of other services; Northrop sells fighters and also

elaborate support programs. Many of the services come from Great Britain: despite selling the Sandis the over-sophisticated Light. ning in the 1960s, British firms notably BAC and Airwork, have major maintenance and training programs. Britain just signed its biggest-ever export deal-a five. year training program which will provide work for 750 British companies. Italy sells Agusta-Ben

helicopters. The Saudi navy is spending vast amounts in order to reach the level of a sophisticated coast guard: infrastructure and training, as usual, run up the bill. The hardware will come in the form of a small flotilia of swift missile-carrying boats.

The flow of arms to the kingdom presents absorption problems of course but Saudi planners an pear to accept a degree of wastage as the price for accelerate development in the military field Riding herd on the American input is a Military Training Mis sion, comprising about 250 mer

from the army, navy and air force permanently in the idingdom. The Saudi National Guarr (SANG) management team, whose assignme: it is to mechanize four battalions and help modernize the entire guard, is made up c. about 75 U.S. officers—plus the Vinne'll Corp.'s civilian trainers

The major American militar presence in the kingdom is the U.S. Army Corps of Engineers which supervises the billions o dollars of military-related con-

Vinnell Corp: Remolding the National Guard..

By Joseph J. Malone KDDAH (IHT).-The Vinnell Corp. of Los Angeles is but one of many enterprises whose presence in Saudi Arabia derives

from its standing with that most important clearinghouse for military-related contractors, the U.S. Army Corps of Engineera What is Vinnell up to in Saudi Arabia? A total of 308 American contract personnelnot 1,000 as the media indicated -work with other foreign na-tionals, mostly retired officers

and "other ranks," in training the Saudi Arabian National

the army, the air force or the navy. Other contractors approved by the Corps of Engineers (Ben-dix, Raytheon, and Northrop, among others), and the corps itself share those responsibilities.

SANG is a Neight tribal organization. Its traditions are those of the Ishwan (Breitnen), the investiler and virtually undisci-plined force assembled by Abdul Asis Ibn Saud, the founder of modern Gendi Arabia. Between 1902 and 1926, he used the lithway to consolidate his bold upon Nejd and Hese, and utilmetely to drive the Hashemites out of the

Thereafter and until 1965 the Ikhwan, now known as the White Army, had as its mandate the selfeguerding of the royal family. e responsibility carried out erratically but with great ferocity and unquestioned loyalty.

SANG was transformed in 1965, after Nasser's Egypt became in-volved in the Yemen civil war and Egyptian aircraft, bombed Najran and the port of Jizan, in

Modernization was initially entrusted to the British, but when a secondary mission was assigned to SANG-to support the regular

kingdom-the need for American wespoory and training was real ized. It was soon forthcoming for SANG's commander-in-chie is Prince Abdullah, the "thiry man" in the ruling triumvirate behind King Khaled

Hence, in 1975, the Vinnell connection. SANG had alread given a good account of fiself in border flighting with Souli Yenreni forces in 1969. But the command - and - control called for by tube-launched, opti cally tracked, wire-guided (TOW missiles. 81 millimeter mortar

(Continued on next Page.)

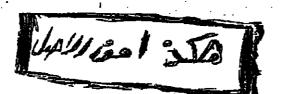
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Banks Are Expanding to Keep Up the Pace of Change

Orces JEDDAH (IEIT).—The man at the head of the line in Citibank does not want in his money weighed because he counted to make the money weighed because he bank does not want his funds to his money weight to paper.

While some Saudi clients are

While some Saudi clients are

that the still distructful of currency notes

-paper money was only introduced here a generation ago in the form of printed "pilgrims' receipte" for the foreign currencies they brought on their journeys to Mecca the wash of money through this country is making through this country is more and more Saudis into the kind of customer which any bank

Commercial panas are up with the ing frenctically to keep up with Meanwhile the pace of change. Mesnwhile the Saudi Arabian Monetary Agency (SAMA), regulates the mone-Agency (SAMA), which is the tary sector wine american arserving as the my saigned to manage Saudi Arable's reserves, now second in Arabia's reserved and Germany's the world only to West Germany's and to manage the bulk of external assets estimated at \$75 billion. Because of the limited absorptive capacity of this economy, saudi private investors also are anxiously exploring the opcportunities for setting up Saudi - canks shroad.

In Saudi Arabia, commercial banking often involves slightly special arrangements; for instance, the Koranic rule against interest means that instead of nterest, banks here apply a fee schedule, charging borrowers rewarding depositors—et A - least those who want interest; 3 -- Some hig Saudi depositors do not

want interest and simply leave with First Boston Corp., its U.S. and today heading an extraortheir funds at the bank's disposal for safekeeping.

While profit figures are closely held and foreign banks are not obliged to disclose details of their activities, the 12 commercial banks here have all the business they can handle. Citibank in Riyadh (the only Western-owned bank allowed to operate in the capital) is reliably said to carn 2 substantial part of the American banking giant's global profit, officially admitted as 1 per cent.

Drobably considerably more The top commercial banks here include the two wholly Saudiowned institutions, which are the National Commercial Bank and the fast-growing Riyadh Bank, and two partly foreign-owned banks, the Bank al-Saudi al-Hollandi (formerly the Algemene Bank Nederland, which opened here in 1926 as the Netherlands Trading Society) and Bank al-Caudi al-Franci (ex-Banque de l'Indochine et de Suez), which terests and is particularly well

placed in the eastern province. Other foreign banks are the British Bank of the Middle East, Citihank, Banque du Liban et d'Outre Mer, Arab Bank, Banque du Caire (the only other foreign bank permitted in Riyadh), Bank Melli Iran, United Bank and Bank al-Jazira.

The two Saudi banks have the most branch offices (55) and by far the broadest deposit base. But the foreign banks have better access to international expertise. (National Commercial Bank, for instance, is reappraising its links adviger.)

The latest special adjustment for banks operating in the king. dom is a radical one—a require-ment by next May to "Saudi-fy" by selling off at least 60 per cent ownership to Seadi shareholders. Although Citibank has appeared reluctant to comply with the oneyear deadling, other banks seem resigned to the inevitable.

The Saudi authorities' motive for the new law is clear. Banks have become a highly profitable sector, and it is government policy to move Saudia into any proven enterprise, both to share the profits and to acquire the expertise. For the banks, the change may bring some advantages in the form of fresh capital injections to make the necessary expansion as well as permits to open more & (At present banks are not allowed to have multiple branches in the same city.)

Expansion is essential in order to keep up with the hectic tempo of business. The money supply has expanded by 40 per cent a year since 1974 Lending for real estate acquisition and short-term financing to service the import boom is a staple of tanking in-this economy. The banks are scrambling to find staff and space to cope with the new business

Mannower problems and the shortage of expertise are a serious bottleneck, but not likely a permanent one.

Probably the most custom oriented banking facility in the kingdom is the money changer, Abdul Aziz Railni, born a nomad

dinary financial empire estimated to be worth several hundred million dollars. Originally set up to facilitate pilgrim transactions, his informal banking services, used even by the royal family, are stoutly kept from becoming a benk so as to avoid falling under the restrictions applied to properbanks by SAMA.

As the regulatory authority,

SAMA keeps commercial banks

on a short rein. For instance, it recently silowed the establishment of the Saudi Investment Banking Corp. (a merchant bank owned by Saudis and the foreign banks - Chase Manhattan, Schroder Wagg, the Industrial Bank of Japan and Commerchank), both to belp provide some medium and long-term capital lending (presently hard to raise in Sandi Arabia) and to attract long-term deposits designed to break the traditional Saudi pattern of staying liquid. However, when the new institution installed commers and other ou facilities, the government intervened to remind its manager that it was a merchant investment bank and not a commercial bank and obliged the manager to burn the newly printed checkbooks. The bank apparently overestimated the degree of flexi-bility in SAMA's interpretation

Under SAMA's generally conservative rules, banks in Saudi Arabia must conform to strict, narrow regulations about ratios of deposits, liabilities and reserves. This set-up has created temporary shortages of capital expansion, but bank assets today are believed to have multi-plied nearly five times since 1974

of its charter.

to a level approaching \$10 billion. SAMA also handles monetary policy, and it labors under some of the same peculiar restrictions as the commercial banks. The normal instruments of a national reserve bank such as using a discount rate or extending credit to banks are unavailable to SAMA because they represent a form of interest payment. As a result, the main technique of SAMA has been to place deposits in commercial banks or withdraw them to cool

or heat the economy. The other enormous responsibility of SAMA is to manage most of Sandi Arabia's leaping surplus, which Morgan Guaranty Trust estimates at \$77 billiondouble the officially-admitted fig-

Shrouded in secrecy, the dismanaged by SAMA's small investment management team advised by resident specialists from Baring Brothers and White

Amid considerable controversy of late about the placement and magnitude of Saudi surpluses, it seems certain that the bulk of it—reportedly \$35 billion—goes into long-term, fixed-interest U.S. Treasury bonds and bills. Saudi officials like Finance Minister Muhammad Ali Abdul Khail haye ehemently denied the existence of any pact tying down Saudi Arabia to any disposition of its surpluses. A current trend seems to be for Saudi Arabia to move into medium-term securities instead of holding its assets in short-term paper.
A potentially important new

venture for Saudi funds overseas was the creation two years

Bank-s full-fledged merchant bank in London owned 50 per cent by SAMA, 5 per cent by Saudi banks and the rest by leading Western and Japanese benks. The most important mon-Saudi partuer is Morgan Guar-'Trust Co., which elso provides the management. Still funding its feet, Shudi Interna-tional Bank, if it proves successful, should become an increasingly preferred vehicle for SAMA

While SAMA has no interest in seeing the Seudi rival become an internationally traded curnency, a small forward market has started in rivals, particularly Bebrein's well-developed interbenk market. The Saudis have been allowing some Arab countries to issue rivel bonds, and the authorities here are encouraging local businessmen to denominate import contracts in

Private Saudi banks are also eginning to appear overse The Benque al-Gaudi in Paris annears to be only a small begirning, and Saudi participation has been limited in joint ventures like IFBAF and BATI. Similariy the Saudi "takeovers" in the United States-like the Detroit Commonweelth Bank and the National Bank of Georgia, both of which involved Ghaith Phameon, or the California banks of Adman Khashoggi-remain on a small scale when compared to the size of banks which are now belog discussed here as takeover prospects when even betterbacked Saudis make their moves into the market, probably in the

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...On Rapport and Mutual Respect

Fill mand air defense artiflery were mother mother.

The result was a two-way cul-The result was a two-way curure shock. SANG had adjusted
o British tutelage for reasons
hat readers of Glubb Pasha's
tooks or students of the Tawence syndrome — could easily un-

Vinnell was a 7:00 g.m.-to-5:00 m operation, with field man-als organizational charts, and he whole Pentagon-spawned ap-#" : print : reach to bureaucratic warfare. the bedough guardenen was a the execution for whom a seven-day. 1 and amove could include two weeks

ந்தும் உள்

Continued from preceding Page.) - grazing grounds and much unaccounted-for time in transit; Fortunately there were and are Pakistani ex-officers and sergeant-majors, and veterans of Ghibb's Arab Legion standing

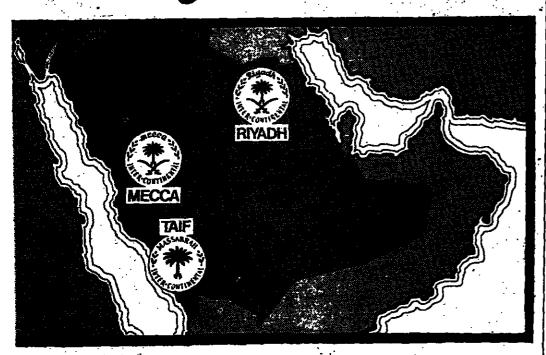
> Remarkably enough, the system works. There is mutual respect and good rapport between all echelons of SANG, from Prince Abdullah and his sheikhly commanders and the Vinnell group down to the privates. The modern headquarters and train- payments, what could be better?

indicative of success in the moderrization of what is now a 30,000 man force. It will not give Israeli strategista any alcepie nights, but that was never the objective. SANG will respond with esprit and effect if the regime is menaced, and it will amport the army if something goes wrong in the cities or along the

vene, SANG will be as relaxed as its brothers in the army, hap-Dy in its relationships with its expetriste tutors. As for Vinnell and the American balance of

between Vinnell check-lists and bedown tradition. Instruction is in Arabic, so most Vinnell contract personnel are veterans of Egyptian, Sudanese or Jordanian. SELVICE. If no major hostilities inter-

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Dream of Giant Petrochemical Plants Slowed by Problems

By Charles F. Snow

RIVADE (IHT).—The dream is enticing. Capital - intensive giant petrochemical plants will process natural gas, previously flared for lack of a useful outlet, into valuable products for a hungry world market.

But some predictions warn that the dream could turn into a nightmare in which these plants would become high-cost competitors in a world awash with petrochemicals. Ultimately, the plants could stand as underused reminders of a gigantic miscal-

Saudi Arabia nonetheless appears determined to make petrechemicals a giant first step in its bid for industrialization. Fetrochemical purjects are the core of the two giant new incustrial areas. Juban and Yanbu, and the present investment tar-(Hable for expansion) exceeds \$10 billion for construction of four giant ethylene-based petrochemical complexes

The hour of decision cannot be indefinitely delayed because the enormous (and enormously expensive: gas-gathering system the backbone of this country's industrialization—is becoming, somewhat belatedly, a reality.

Saturation

Alarm bells are ringing in the oil industry. New petrochemical producers in the Middle East a moment of saturation.

Industry spokesmen have weighed in. The president of Shell Chemicals U.K. noted rather condescendingly that "possession of a local petrochemical industry seems to have acquired the status once reserved for a national air-

Equally blunt, Saudi Industry Minister Dr. Ghazi Al-Gosaib told a Bahrain audience last month that Gulf oil-exporting countries are determined to set up their own petrochemical industries in spite of threats of a possible trade war with the industrialized states. Admitting that projects costs will be 30 per cent higher than in industrislized countries (other estimates put the figure as high as 50 per cent), he warned that OPEC countries are determined to make a place for themselves in the mar-

Perhaps as a precaution, Saudi pianners are determined to see that in any future petrochemical projects the major foreign comanies will be involved, not just as contractors or consultants, but as partners sharing the risks and opening up world markets.

The Saudi Arabian Basic Industries Corp. (Sabic)—which presides over the development of state-financed major industry—is discussing 50-50 joint ventures in . petrochemicals with four major U.S. oil and ostrochemical com-panies. All these projects are based on ethylene, a gas which is the major starting-point for a series of petrochemical deriva-

Alarm bells are ringing in the oil industry. New petrochemical producers in the Middle East would be entering the market at a moment of saturation.

tives beginning with plastics and leading to pharmaceuticals.

The furthest advanced is a joint venture with Mobil for an ethyene-based complex in Yanbu. Three other U.S. companies Exxon, Dow and U.S. Shellhave started feasibility studies on big ethylene-based petrochemical complexes for the Jubail indus-In Jubail, the three other Amer-

ican companies are studying a broad product mix from three ethylene-based plants. A fourth possibility for Juball is the on-again, off-again project with Mitsubishi. After planning for two years to participate in an export etinery and petrochemical complex at Jubeil, Mitsubishi was reported in 1976 to want a threeyear postponement because it ast losses of \$60 million annually due to escalating costs (up from \$350 million to \$1.5 billion) and sluggish world demand. Apparently efter intervention by the Jananese government's Overseas Economic Cooperation Fund, the project was revived last year, but the feasibility studies have

yet to be contracted. A second area under active consideration is production of chemical-grade methanol - used for making building materials, gives, solvents and anti-freeze. Sabic is negotiating with a con-

What makes two into one?

sortium of comparies including W.R. Grace, Mitsubishi Methanol and C. Itoh of Japan, and with another group comprising Ceta-

nese Chemical and Texas Eastern. Chemical fertilizers have been discussed, and the most advanced are a urea scheme to be carried out in association with Britain's ICI and an emmones urea joint venture with Taiwan Fertilizer, which Sabic recently cleared for

piece of the Sendi oil industry is the imposing ediffice of the Arabian-American Oil Co.

In fact, negotiations have been completed long since between the U.S. shareholders and the Saudi both the Saudis and their potential foreign partners are taking a very close look at netrochemical proposals before coming to any hard decisions.

An initial bitter experience occurred during Sandi Arabia's only venture so far into petrochemical production.

The Saudi Arabian Fertilizer Oo. (Safee) was formed in 1965 as a joint venture between Peiromin (51 per cent) and private

Saudi investors (49 per cent) to

produce pres. Occidental Petroleum was signed up to provide technical services against 10 per cent of the company's "surplus income" and to market the output for a 5-per-cent commission. The Damman plant began test production in 1970, but immeately ran into problems: Corrotion (caused by an unexpected increase in the salt content of the water used in the cooling

system) resulted in severe restric-

tions on production, which is

only now reaching its planned 300,000-ton capacity. At the same time, world prices for urea slumped from \$95 a ton to \$46 a ton-despite a leading U.S. bank's confident forecast that the price would never fall below \$63. Safco was selling below cost, and it was not until 1974 that it made a profit for

the first time. Safeo refused to pay Oceidental \$2.5 million (10 per cent of its initial profits), and Occidental went to arbitration. Petromin and Safco counterclaimed \$180 million for onceand-future losses due to the plant's failure to reach its specified capacity. Eventually,

more concerned with kicking out

foreign of companies than keep-

ing them, Aramco's record is

unique. There are many rea-

sors, but perhaps the most im-portant is the underlying struc-

Aramco's four parent com-

panies gave the company more

independence than is usual with

oil operations abroad. The com-

pany even moved its headquarters

from New York to Saudi Arabia.

Although it took many of its top

people on direct transfer from

the parent companies, once they

went to work for Aramco, they

"It's a matter of commitment,"

says former Aramco chairman

Frank Jungers. "We've always

operated as a company as op-posed to a subsidiary. We hire

our people directly, and they

Mr. Jungers was dropped re-

cently by Aramco, apparently because both the Saudis and the

parent companies felt he was not helping U.S.-Saudi relations.

To help the new chairman, James

Kelborer, some new adjutant

positions have been created and

then, unusually for Aremco, fill-

ed from the perent companies. It is clear that both Saudi

Arabia and the U.S. parent com-

panies intend to let nothing

interfere with their continued

For the United States, Aramco

is a multi-hillion-dollar nexus with political overtones as well

as economic benefits. Aramco

American" policy on its own projects as well as throughout

Sandi Arabia, Company spokes-

men say that for each \$1 billion that goes to American contracts

60,000 jobs are generated in the

United States, For Saudi Arabia,

Aramco tries to "strengthen

ourselves with the aspirations of

actually promotes a American" policy on it

ture of the company.

became Aramcons.

become committed."

the dispute was settled late last year with payment of \$7.5 million to Occidental and termina. tion of its rights under the management and marketing agreements.

Against this beckground, the Saudis are proceeding cautiously as they venture into an industry subject to cyclical vicissitudes and involving the establishment of high - technology operations in an underdeveloped

To attract foreign partnerswhose participation is vital in managing the projects and, above all, in marketing their output— the Saudis are offering a variety of inducements ranging from the conventional (tax holidays, nominal rents, cut-rate electricity and water, to the unconventional, notably the possibility of guaranteed long-term access to up to 250,000 barrels a day of Saudi crude. Cynics are inclined to see this crude supply as a more attractive incentive to petrochemical investment than any likely return on capital.

Saudi Arabia's inherent economic handicaps as a petrochemical manufacturer can be offset or at least disguised by manipulating the costs of capital and feedstock, but ultimately the nation's production will have to face the competition of world

The Markets

The domestic market for Saudi petrochemicals is so small in relation to the scale of the proposed plants as to be non-existent Where markets exist in the Middle East, notably in Iran and Iraq, governments have their own plans to supply them. The smaller Gulf states have their own plans for petrochemical projects; if carried out in an uncocrdinated way, the combined resuit will be massive regional overcapacity. Local markets are unlikely to absorb more than 20 per cent of production, even in cotimum conditions.

H Saudi Arabia proceeds with its planned petrochemical plants their output must be atmed equarely at the markets of the industrial world and, given the economics of transportation especially Western Europe, Ever after writing off high investments these plants could see their operating costs pushed over West em levels by productivity and maintenance problems. The result would be a subsidized out

Spokesmen for the petrochem ical industry have reacted defer sively. Some urge the potentia new producers to build up the domestic markets by importing intermediate products and mant facturing end-products befor embarking on the production of flatly warn that Western Euro pean governments may erect tarii barriers to protect their petro chemical industries from bein submerged under a flood (cheap imports produced with bid den subsidies.

OPEC countries retart the they would acquire only 7 pa cent of projected world deman if they built ten ethylene plan with outputs of 450,000 tons

The OPEC countries are de termined to derive the maximum possible value from their natur resources and a general feels is crystallizing among them the t_ey are being denied free acct to the developed countries ma

OPEC Secretary-General M romed Ali Jaidah receptiv i sued a warning that OPEC com tries are tired of hearing abo the problems of surplus petr chemical capacity while u plants are continually being of structed in the developed cou tries. As an echo to OPEC's p vious success over crude oil prik he added: "I must say in seriousness that unless great progress is made in redress the imbalance, our member con tries will have no recourse but adopt collective strategies achieve their aims." Recent Sa

The New Aramco Is Industry's Centerpiece

By Joe Alex Morris Jr. HAHRAN (IHT).—The center-

Once wholly-owned by a combine of four U.S. oil majors— Excon, Texaco, Standard Oil of California and Mobil-Aramoo is now 60 per cent controlled by the Saudi government and is on its way to being taken over 100 per

Oil Ministry, but the final signa-

ture is being delayed while the Saudis work out the new chain of command for their oil industry. Ironically, after this semicable nationalization, Azamico is destined to become even more important than it was in its former rote, when it was already the work's

biggest producer of crude oil. Aramco always has been mor than just an oll company. It is a national institution in Secti Arabia—a big, friendly bear of a megabusiness whose top executives look visitors straight in the eye and intone that Aramco does well

by doing good, in this case, extends far beyond being the world's pany. Along with the U.S. Corps of Engineers, Aramco has assumed the role of prime contractor in the massive unlift program to transform the oil-rich eastern

province. Aramco is a remarkable organisation and the last thing the Sandis want to do is to dismantle it in the process of assuming overall charge of their own oil industry. Their aim is to Saudi-tze," the company, build on it and use it to the maximum. What they have in mind is the emergence of a genuine Saudi structure undersimmed by the best U.S. technology and expertise supplied by four of the world's top multinationals—a veritable powerhouse for development both in the

of the economy.

In the planned new structure of the projected Saudi National Oil Co., Aramco will survive under its present name. It will be the operating company responsible for getting the oil out of the ground and loaded into tankers or flow-

oil industry and in other sectors

ing into the pipeline. sides Atamco's 26,500 emplayees working in some 80 Aramon departments—of which only 20 are involved in searching for, drilling for, producing, refining and shipping oil and maintaining facilities—another 35,000 sub-contract employees are working directly on the construction of two massive development projects entrusted to the company by the government: an electrification program in the eastern province and the supply of ma-tural gas to two proposed indus-

trial ereas.

Arameo continues to prospect for oil, primarly in the vast sand reaches of the "Empty Quarter" desert. Every year Aramco con-tinues to find more new oil than it produces. The company also is starting a program to boost installed oil-production capacity barrels per day (bpd), by 1980 and possibly to 16 million bod by 1983. In addition, Aramco is mitted to a massive press maintenance plan which eventual-ly will involve injecting nearly 15 million bod of treated senwater into the oil reservoirs so they can

be efficiently emptied of oil. Trust.

with all of these building programs, the Saudis, while acknowledging the technical ex-pertise which they need, are suspicious of how their money s being spent. They often complain of conspiracies by facturers to fix prices on them, most recently in bidding for a multi-billion-dollar new phone network.

However, the Saudis trust Aramco. The company's image dates back more than a quarter of a century, to when it first set up something called its Local Industrial Development Department. The idea then was to encourage ndis to set up battery plants and the like and to support them by buying their output for the first seven years before turning them loose on the market. One result has been the huge

industrial park sprouting up at Damman, not far from Aramco's headquarters. In an era when most governthe Saudi people." First Loyalty The U.S. parent companies

close cooperation.

have no enterest in gouging the Saudi government on Aramco's major development projects. On the contrary, they want to main-tain good relations with King Khaled and his princes to assure themselves of continuing cil supplies in coming decades. Company politics have always

been based on the principle that Aramco's first loyalty is to Saudi Arabia. This came out during the 1973 Arab-Israek wer, when Saudi of was depled the U.S. Sinth Fleet, and later when the Saudis joined in an Arab oil embargo directed against the United States and the Netherlands. In both cases, Aramon as the operating company did as the Saudis

The decisions, of course, had ed to the various governments via the Organization of Petroleum Reporting Countries (OPEC). But there is little public awareness. then as now, that the enormous price increases provided a bo-names not just for the producing countaies, but for the oil compantes as well.

Such factors have helped to solidary the close relationship of Aramco, its old perent companies and the Sauci government. They have led Aramco into a new and developing role in Saudi Arabia where the potential for expansion

Arablen policy statements it weight to this declaration. ments in the area have ALHAYA MEDICAL ESTABLISHMENT P.O. Bex 442,

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West Is Relying on Nation's Willingness to Expand Oil Output

at to reach 14 million bpd by Il and 16 million bpd by 1983. lowever, the mere installation this level of output capacity :25 not necessarily mean that Saudis plan to use it to the ximum. In fact, the possesn of spare capacity, even if it is t used, adds to Saudi Arabia's litical and economic weight th within OPEC and internanally. The degree of produc-n flexibility enjoyed by the - igdom is unique among oil-porting countries. It has the are capacity to raise output by ree or four million bpd while the same time having the sancial strength to be able, thestically at least, to reduce it by similar amount without suffer-; any economic ill effects. On other hand, it can be argued at the possession of such spare pacity will place the Saudis der irresistible pressure to use if and when the world really eds the oil.

imposed its annual average out-t ceiling for Aramco of 8.5 miln bpd which had been tempocily relaxed during 1977 in the termath of the inter-OPEC ucing dispute. This ceiling is ely to remain unchanged for least the next two years, dur-; which time it should cause real discomfort to the world market. At the end of 1979, cording to the Saudi oil minis-Sheikh Ahmed Zaki Yamani, government will take another k at the ceiling and might ow a modest increase if market aditions so require. But, he rned in a recent interview, vere will be no radical jump" i subsequent increases will be levels much less than those ng mentioned in the United

As of Jan. 1, 1978, Saudi Arabia

fechnically, then, higher proction should go hand in hand h increases in proved recovere reserves. They can be neved in two ways: new discov-

drilling, and the improvement of the recovery factor for oil in place in the reservoirs through so-called "secondary recovery" pressure maintenance projects involving the injection of water and/or gas into the reservoirs.

On the exploration side, hardly a year has gone by without a significant net addition to proved reserves; more off is still being found than is being taken out. Aramco continues to discover new oil fields at a rate of about three a year: (The current tally of potentially commercial fields is 37, of which only 15 are presently producing? However, the finds are getting smaller and nobody expects to come acress anything like another Ghawar, that incredible accumulation of oil 255 kilometers long and 20 kilometers wide with 80 billion barrels of original recoverable reserves, which is rated as the world's largest single field

As far as secondary recovery is concerned, work is under way on the largest-ever water-injection scheme, which will eventually invoive a virtual barrel-for-barre replacement of extracted oil by injected water

Production Ceiling

The present limit of 8.5 million bpd on Saudi production grew almost by accident out of the confused situation-after the ending of the Arab oil culback and embargo measures in 1974. This had been the level at which Saudi output was running before the cutback; efterwards it solidified into a government-stipulated maximum. In any case, from 1974 to 1976 it remained purely theoretical due to the stag-nation in world oil demand, de-flated as it was by the recession and the fourfold price increase of 1973-74. In 1977 it was lifted in an effort to curb the enthusiasm of the OPEC price hawks

Harnassing Gas for Export

HAHRAN (THT).-Saudi Arabia, already the oil colossus trolling a quarter of the hi's reserves of crude petro-n, now is moving into a similar manding position in natural

mued off after emerging from erground with the oil. When will make Sauc bia the world's largest exportgas liquids by the mid-

as will also be turned into hane to power industries and ine to serve as petrochemical istock in the two planned nt industrial parks at Jubail

Yanbu. o harness this new energy, di Arabia has embarked on :14-billion gas-gathering and tment program to handle all gas output emerging from a luction of 12 million barrels day (bpd) (considerably more 1 the present oil production

ficials of Fluor—the U.S. apany which, along with itel, is the most active for-firm in the country and th is managing construction te gas system for Arameothe project does not involve

ng of 8.5 million bpd.

remarkable engineering ex-s. But like almost everyelse in this fast-developing try, it is noteworthy for the scale of the undertaking. The m entails construction of an aile pipeline-being built by min and Mobil—right across

eastern province hydrocarbon fields to the new industrial area at Yanbu on the Red Sea.

When the work is completed, the Saudis will have a truly integrated system that will sort out es present, gas is wastefully the different kinds of gas and red" in giant torches as it get it to places where it can be used productively.

Natural Gas Liquids

However, heavier gases are easier to liquely and handle: Saudi Arabia has decided to limit its exports to natural gas liquids (NGL), propage and butage, which liquely easily as liquid

petroleum gas (LPG). Although gas was difficult to market in the 1960s because interest was limited except for Japan, it is considered now a precious fuel, and OPEC countries are seeking ways to maintain higher prices as they succeeded in doing with cil.

Projecting its own exports of natural gas liquids, Saudi planners expect availability of NGL to rise from the present 260,000 bpd to 450,000 bpd in 1982, and then to 650,000 bpd by 1985. By that time Petromin predicts Saudi Arabia will account for 15 per cent of world production of NGL and one-third of NGL mov-

Other oil-producing countries are also planning to put out their flares and start harnessing their natural gas. But their plans are dwarfed by the Saudi project.

d the indications are that it will not be lightly given up. The fact that a production celling is in existence at all is, of course, a gesture both to the other

OPEC producers and to the powerful lobby in Saudi Arabia which argues that the kingdom should not produce more oil than is strictly necessary to cover its financial needs. Almost all Saudis feel the force of this argument, but the leadership at any rate realizes that it cannot withstand the practical exigencies of the world thirst for cil.

However, they resent the lack of appreciation in the West for the sacrifice involved for Saudi Arabia in producing the extra oil. And sacrifice it certainly is, since the Saudie are depleting this exhausible resource by producing twice as much as they need in return for each proceeds, which are subject to relentless ension by inflation and currency fluctuations and are buildes a terrible

There is elso a feeling of disap-

kingdom that Saudi moderation on oil production and prices has clicited such meager dividends from the West on key issues. The continuing close relationship with the United States, and the sence of security which this must provide in troubled times, are no doubt plus factors, but this relationship would probably be their. for the asking in any case. On the vital, all-important requisite-U.S. pressure on Israel to bring about a Middle East settlement acceptable to the Arabs—precious little of a concrete nature has

The Question

been forthcoming.

A) bottom the issue is one of leverage. Ironically, by help-ing to damp down demand for cil, the price explosion of 1973-74 effectively trimmed the bar-gaining strength of OPEC in general (namely, the abortive North-South Dialogue) and Saudi Arebia in particular. But whenand the present price freeze will tend to make it happen sooner pointment among many in the rather than later-world demand

starts to bump up against the Saudi ceiling and the pinch is ielt, Saudi Arabia's international leverage will be restored with a vengeance. The only question is: When the time comes, will the Saudi leadership have the necessary self-confidence to exact a suitable quid pro quo for meeting the world's oil needs?

In weighing their eventual production decisions, the Saudi leaders will have to take into account a wide range of factors. notably: progress towards a Mid-dle East settlement (whatever point may have been reached by then); Western cooperation in defense and economic developmen; projects in Saudi Arabia; the health of the world economy: Wastern responsiveness to Saudi and technical questions, such as the proving of additional reserves and the performance of the oil reservoirs under conditions of in-

creasing production. Exactly where this cocktail of determining factors will lead is anybody's guess at the moment. What Saudi Arabia does on production will, of course, have a

decisive influence on prices as well Within the OPEC context, Saudi Arabia has emerged from last year's tug of war as the undisputed price leader-a development greatly facilitated by the conversion of the Shah of Iran, after a prazmatic about-face last November, to the Saudi pricefreeze platform. Though resentful, the more hawkish members of OPEC have now more or less accepted the inevitability of a price freeze through to the end

The Price Freeze

Saudi officials generally justify the kingdom's price-freeze policy on the primary grounds that the current soft market for crude, with prevailing surplus availabil-ity estimated at two million bpd, cannot sustain any price increase, and secondly that it is essential for the well-being of the world economy. The opposition, for its part, stresses the loss of purchasing power through inflation and the slide of the dollar, and often persuasively argues that

the world will never get its energy balance right unless oil prices are raised over a period of years to match the costs of alternative energy sources. The Saudis feel that, given the yawning price/cost gap between oil and alternative energy sources at present, such medicine, even in gradual doses, could well finish off the patient. To which the others might riposte that a prolonged freeze followed by an almost inevitable jump in prices would probably have much the

same effect. However, the disagreement is perhaps more apparent than real since the Saudis, too, recognize that in the longer term oil prices must rise. As Sheikh Yamani said recently: "Sometime in the future energy consumption will rise to a level which will make an increase in oil prices inevitable. What we have to do is to avoid any sharp jump, as there was in 1973-74, by allowing for whatever market forces bring about."

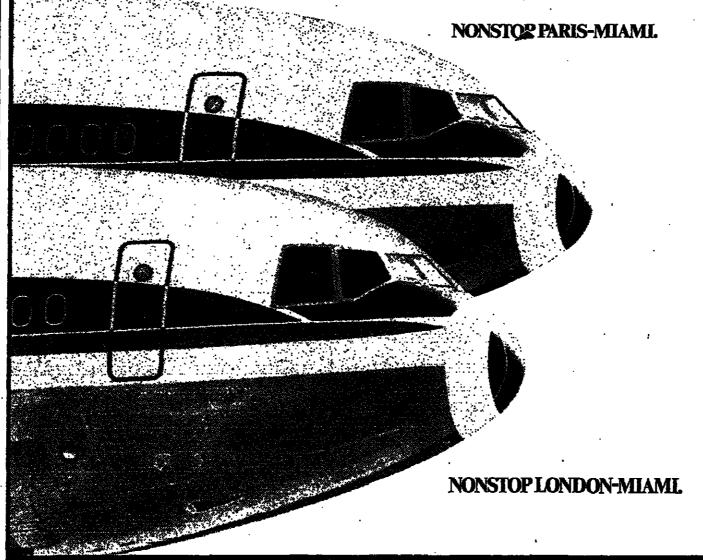
A change expected this year is the takeover of Aramco and the

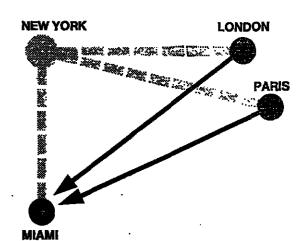
establishment of a new Saudi structure to manage the kingdom's oil. The new financial terms for Arames, retroactive to 1976, have been set and, in practice, are already being implemented.

The new Saudi Aramco it will keep the old name: will continue to be the operating company. The former U.S. owners, the four cil majors, will continue to supply technical, operational and management services and carry out exploration and prospecting. For these services, the American companies will be paid fixed fees per barrel of oil produced and will continue to buy-up the bulk of Saudi output.

It is planned to set up a new Saudi National Oil Corporation to take charge of all oil industry ventures. Under it will be: the new Saudi Aramco: Petromiu the present state oil agency; which will handle oil sales in the kingdom: an international marketing organization to handle foreign sales and, possibly, a tanker company.

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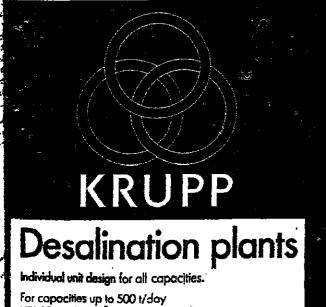
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Royal House of Saud-World's Richest, Most Powerful Family

(Continued from Page 1.) his later life, King Faisal nonetheless steadily moved the kingdom along the path of change. overriding objections from religious extremiets to innevations like television and women's edu-

The new generation of leadership coming from still younger sons of Abdel Aziz will have to preside over the present era of more active Saudi foreign policy and accelerated social change at home. In this period, continuity is second only to legitimacy as a key political asset of the Saud

Succession

There is no firm, accepted rule for succession of the Saudi royal line. Succession has swung between the Ottoman system of passing power horizontally to eldest direct descendant, usually a brother, and the British system of crowning the eldert son. At present the Saudi succession is sliding along a line of brothers, sons of Abdul Aziz the founder. But Abdul Aziz passed over several living brothers of his own to pass the crown

to icis con Seud. King Saud, a friendly but shortsighted spendthrift, ruled for a decade, but his lack of political vision and his ruinous extravagance nearly brought disgrace and bankruptcy on the family. He was finally deposed in 1964 in favor of Prince Paisal. An additional factor was his bid to bypass the will of his revered family conferences. Melion men brothers holding Cabinet posts, father and reroute the succession could easily fit into a small ex- constitutes an "inner Cabinet," from his younger brother to his own huge brood of sons.

There are still 32 living sons of Abdul Aziz, including King Khaled and Crown Prince Pahd. The youngest, Prince Hamud, the 37th son, is 30 years old. When the founder's sons are exhausted, the family will have to decide whether to follow the system usually adopted in the past: passing the throne down from the last son of Abdul Aziz to his son,

The alternative seems messy. Kingmakers would have to go back up the line to the elder grandsons of the founder: the remaining sons of Saud's 46, Faisal's eight, Khaled's six, Fahd's

Thirty-Seven Sons

Saudi founder Abdul Asiz had 37 sons (offspring of his policy of sireing children from wives chosen to cement tribal altiances) more than 100 grandsons and. even by the most modest estimates, 500 or more great-grandsons. He also had 10 brothers, two of whom-Ahmad and Musaidare still alive and influential and all of whom had numerous chil-

Compared to the Sauds, the inheritance of the Rockefellerswhose founder, John D., had three brothers, one son, five grandsons and 10 great-grandsons—is simple. The Rockefeller males can comfortably meet on a cabin cruiser ecutive let and chart the future of the Mellon Bank, Gulf Oil, Alcoa, Rembrandt and other family holdings. The more extended Rothschilds would need one of their smaller chateaux for a family get-together.

But to transport the heirs of Abdul Aziz together, it would take. a flight of Boeing-747s or the QE II. A full family conference would split the seams of almost any conventional hotel 50 the Sands imitate any company with a mob of shareholders. They have a board of directors which represents the various branches of the family. It is called the Comcil of Elder Princes. It makes decisions the chairman of the board-the King-cannot or will not make alone and it considers delicate family matters.

Inner Council

While the inner workings of this royal corporation are shrouded in impenetrable discretion, it is believed that this inner family council includes Prince Muham. mad (eldest surviving son of Abdul Aziz), King Khaled, Crown Prince Fahd, National Guard commander Prince Abdullah, Defense Minister Prince Sultan and Prince Abdul Mohsein, tenth surviying son of Abdul Aziz-plus Abdul Aziz's two surviving brothers, Ahmed Al-Saud and Musaid Al-

Saud. An even smaller group; apparently the king and his three half-

A truck working on a construction site. A truck crossing a continent. A bus carrying tourists.

which takes the key political decisions about national policy, knowledgeable sources say.

The Council of Elder Princes, however, is the body which takes the corporate family decisionssuch as the decision to depose King Sand. A decade later, minutes after King Falsal's murder by the deranged fellow-royal the council met and determined the succession by confirming the choice of Khaled as king and prime minister and choosing Prince Fahd as crown prince and

deputy prime minister. Four days later, the council extended the succes ion decision by, in effect, naming a crown prince to the crown prince: Abdullah, Abdul Asiz's sixth surviving son, was appointed second deputy prime minister.

A Delicate Matter

Along the way some sons of Abdul Aziz were passed over. Only the council could handle such a delicate matter. After King Saud's ouster and King Faisal's assassination, the next in line was Muhammad, fourth son of the founder. There is no solid information as to why he was skipped over. The official version is simply that he renounced his rights in favor of the next in line, Khaled

According to other reports, Prince Muhammad, though forceful and intelligent, has perthough sonal problems. He agreed to a not rule on condition that Khaled, his full brother, not be passed over in favor of his halfbrother Fahd, despite the fact that Khaled was weakened by a heart condition while Fahd was a relatively experienced administrator. Two other sons of Abdul Aziz, Prince Nesser and Prince Saad, both 58; have been passed over, apparently because they had unacceptable shortcomines.

The council has been important in maintaining family solidarity, combining princes with political power and princes who exercise traditional family influence by virtue of age, wisdom. tribal connections or piety,

But there is rivalry. Important princes jockey to keep other important princes from monopolising power. Various poles of power in the family start with the king and his full brother, Prince Muhammad. Their mother came from the family of Jiluwi cousins, powerful in the eastern province.

'Sudeiri Seven'

Crown Prince Fahd is the eldest of a group of full brothers called the "Sudeiri Seven" after their mother who came as wife to Abdul Aziz from the Sudeiri clan, important in central and southwestern Arabia

The brothers of Crown Prince tan, 55 (12th son of Abdul Aziz), is minister of defense and avia-

council judgment that he should tion. Prince Turki, 45 (20th son). is deputy minister of defense and aviation. Prince Nayef, 44 (23d son), is minister of interior: Prince Salman, 41 (26th son), is governor of Riyadh Province. Prince Ahmed, 38 (28th son), is deputy governor of Mecca Province and Prince Sattam, 37 (29th son), is deputy governor of Riyadh.

Prince Abdullah, who has no full brothers, was born of a mother from the Shammar tribe, important in the north. In addition to his post as second deputy prime minister he is commander of the National Guard, a force which parallels the army and could be a balancing force in a showdown or comp attempt.

Another important grouping of full brothers among Abdel Aziz's some is the tric of Sa'ad. Mose'ed and Abdel Mohsen: the latter. governor of Medina, could well figure in the succession, particularly because his two brothers (one of them the father of King Faisal's assassin) already have been passed over.

In all these patterns of affinities and tactical alliances among princes, a crucial factor is the role of women-particularly the bonds created by the wives and mothers among their offspring. Saud menfolk are allowed to take wives from several noble Saudi families including the Sudeiris, the Jiluwis and Al-Ash Shaykhs, Saud princesses, however, are forbidden to marry out-side the royal family, with the

single exception of the Thunayyan family, who are distantly related to the Sauds. The behind-thescenes influence of the women may affect the views of groups of princes on issues which are currently being quietly debated within the ruling family.

While the family presents a

united front in public and probably shares a large measure of consensus in private, it could be said that King Khaled and Prince Abdullah tend to be traditionalists who want to modernize very cautiously—as a safeguard against the social problems of Western societies—perhaps and who guard jealously the bedown values of nomadic desert life. Crown Prince Fand is more Westernized and less afraid of faster progress.

Among the issues which are discussed are the pace of economic development, cultural change, including the role of women, and giving the growing middle class a greater say in government decisions. Differences vary from issue to issue and from prince to prince. There is no

spawned serious rifts, however. The sons of the late King Saud more than 40 of them, once view-

evidence that the differences have

the founder) seem destined leadership. A good number have

Sons of the late King Faisal, for instance, have been brought into the ruling circle. The elegant, Princeton-educated Prince Saud Al-Faisal is foreign minister. Prince Khaled Al-Faisal is the extremely able governor of the southwestern province of Asir. Prince Muhammad Al-Faisal until recently ran the government's water program: it was he who intrigued the world by backing research on the possibility of floating icebergs from the Arctic to the Red Sea for fresh water.

> the air force. The sons of the "Sudeiri Seven" include many impressively capable vonne men, as well-

> Two other sons of King Faisal are

officers-one in the army, one in

Twice, however, the family has embarrassing, visible

In the early 1960s, Prince Talal, now 46 and the 18th son of Abdul Aziz the founder, fell under the spell of Nasserism and democracy in Cairo and Beirut. He married a daughter of Riad Solh, one of the founders of the Lebanese Republic. He renounced his title of prince and became a Republican, forming with two brothers, Prince Badr. 45 and the 21st son of Abdul Aziz and Nawai, 44 and 23rd son, and two half-brothers, a group

called the "Free Princes." After drawing up a plan for a national assembly in Saudi Arabia, Talal and his group were

forced into exile in Cairo in 1962. A Pardon

King Falsal pardoned them after they made a public statement of allegiance in 1965. Talal now lives an unpolitical life at home and abroad. The other two brothers were assimilated into the power structure: Prince Badr is deputy commander of the National Guard and Prince Nawaf served as counselor to King Fai-

The second incident came about on March 25, 1975, when a young prince, his hair still long from years spent at school in Colorado and California, shot and killed King Faisal in the audience hall The assassin was Faisal, son of Prince Musaed, 55 and 14th son of Abdul Aziz the founder

Many reasons were cited for the desperate act. The assassin's father is said to be mentally erratic; his mother was a member of the Rashid tribe defeated by Abdul Asiz at Rivadh in 1903: the assassin's older brother, Khaled, a religious fanatic, had been killed by police when he led a violent demonstration against the opening of a television station, which he believed to be against the Koranic rule barring representation of the human figure; the assassin had been ento a daughter of the late King Saud, whose relatives resented King Faisal for deposing King

ial problems that Saudi leaders with their vast wealth, many-branched family and the

c! Saud has done quite well t policing itself. Thousands of male princes, most of them mi honaires have been involved i relatively few known scample However, a factor in this reco is the inability of the ceneral Saudi press to touch on an

matter which might reflect poor ly on the family. Also, law er forcement authorities are apt (treat family members as abou or at least beside the law, letting the Sauds wash their own day

But the family itself a crack down on punishment at publicly. The regicide, Prin Faisal, was beheaded accordit to Muslim lew for the murder. his uncle the king by an exec tioner wielding the golden swo: specified for royalty.

An earlier princely killer, w? murdered the British consul a party in Jeddah, was sentence to life imprisonment. But the term is being served comfortat in a family villa after Briti diplomats asked for a stay execution so as to avoid aroust anti-British feelings.

Under King Faisal, allowance to princes were cut back. The intensified the development royal family business.

One knowledgesble source timates a figure of about \$3 million a year in allowances f the family from oil receipts. The would average \$60,000 to \$150,0 a year per prince depending whether one accepts the low (2,000) or upper (5,000) mate of the number of Sec princes, and depending, too, how much is given to some 2.0 never-seen princes

The figure for princely ello ances may sound extras gant, but it is less than 1 r cent of the nation's oil incom and dozens of the princes a working for "the corporation running the country. Eight the 26 Cabinet ministers and the provincial governors a their assistants are Saudi princ

In addition to allowances, t family members can get richer dealing in land or earning sa commissions or undertaking oth business transactions. Many these supplementary forms of ! come rely on nepotism that wo be unacceptable or illegal in so countries. But in Saudi Arel when a family member makes killing selling property-most which is owned by the ro family-in the wildly-inflated r estate boom around the citles is considered normal. It is a normal for princes to act as or or silent partners in the race commissions on billion-dollar # port deals. Recently, some including have emerged of a mi bid by the royal family to set : est should come before person

Some U.S. officials, whose terest is in seeing the cons tive Sauds stay in power say prevention of corruption or is itism, together with education rearing of princes as u facing the family.

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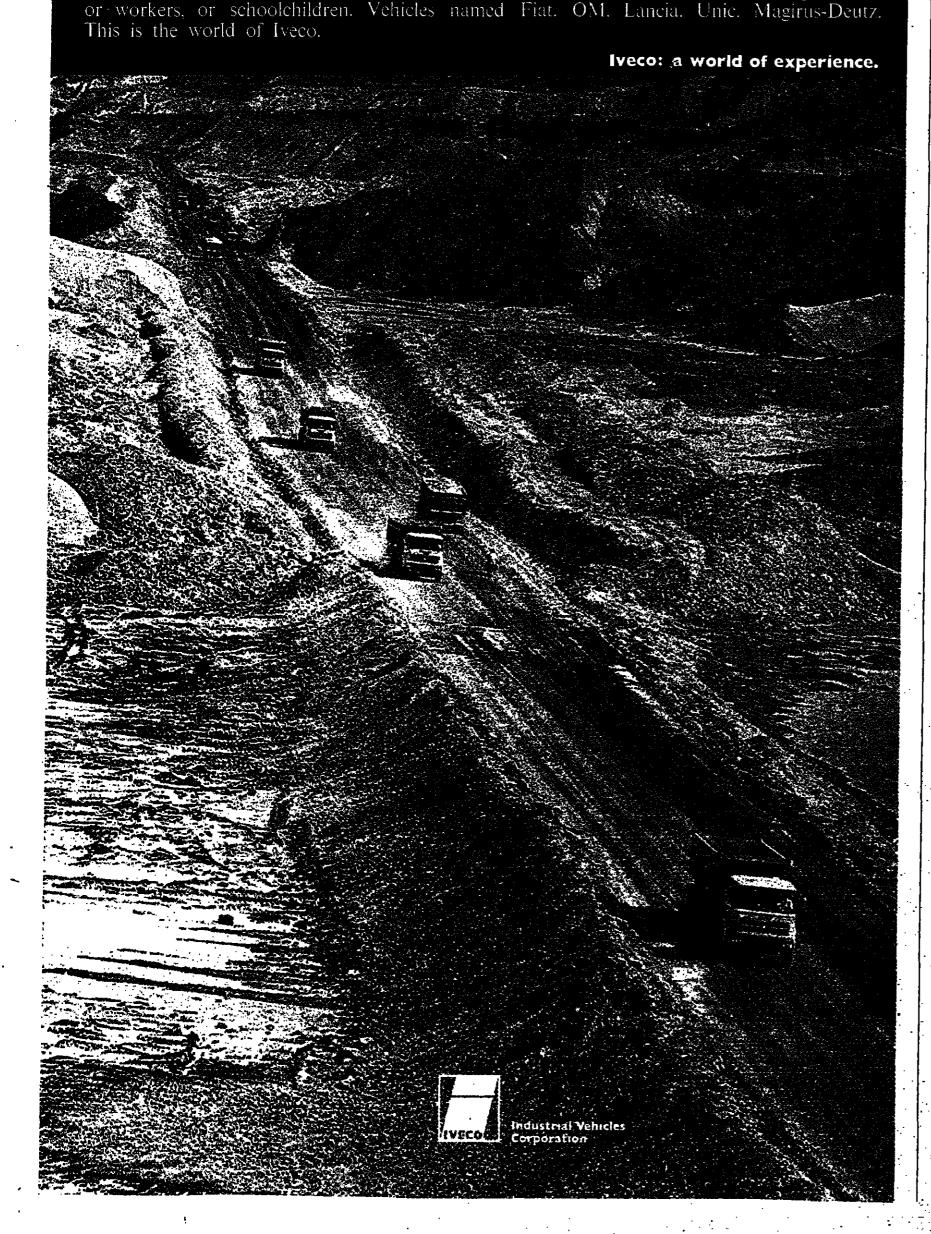
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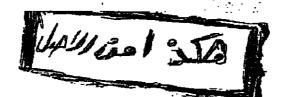
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ami A Few Years See Sweeping Transformation

(Continued from Page 1.)

Ited in 1974, one minister said
thought two-thirds of the
a should be handled by U.S.

learions soured subsequently ing the spate of threats to ade Saudi Arabis and the sing of U.S. legislation aimed breaking the Arab boycott on

With eventual peace in the idle East, however, Israel and boycott would cease to be see and the talk of invasion ald be ended.

lespite an astronomical finanlescapida, Saudi Arabia canbe called a rich country. It is not have the farms, the stories, the banks, the parks, museums and the infrastruce which make Sweden or terica "rich." It does have a

th current income and it does we the potential of converting elf into a rich country. duch has already been done in id construction, in building uses, schools and hospitals, and rising expenditures on these

rising expenditures on these
ms can be expected to level
With peace in the Middle
est the expenditures on arms
ght even decline.

A hig portion of Saudi income
the next few years will be
sorbed by expenditures on the
w, industrial establishment:
belines to gather and transport
s and oil export refineries,
trochemical plants, iron and
iminum reduction facilities and
el mills. But if they are propy conceived—and the new
nister of industry is determined
at all major projects will be
il implemented—they should be

While the annual Saudi budtary surpluses may decline for e next few years, they are unely to disappear. Unless waste comes unbounded, the surplus ould start to grow again early the 1980s.

he kingdom's anti-Communism, good relations with the United stee, and its moderation on ab-Israeli issues have led some abs to conclude, erroneously, at Saudi Arabia is an Amerina satellite.

In a similar fallacy, some Amerins have been led to conclude at the kingdom could be taken in granted, that it had no place to turn. Washington's initial apticism about the Saudi role oil prices has now given way

)18

to an equally erroneous assumption that Saudi Arabia can always—and will always—be a brake on price increases. Americans tend to take these positions because they disbelieve, or discount, or do not hear, the Saudis' own

This had led to serious error in the past, most notably in 1973 when a deaf ear was turned to warnings from King Faisal that the cil weapon would be used if there were not a move toward Middle East peace.

There is no doubt of Saudi anti-Communism or Saudi desire to remain friendly with the United States. But Saudi Arabia is Arab above all; its other foreign-policy concerns do not take precedence over matters of importance to the Arabs. Saudi interest in Jerusalem did not die with King Faisal. Saudi Arabia does not secretly want the Palestinians to be crushed and absorbed in spite of continual reports from some widely read political commenta-

On oil, too, there is a clear danger of miscalculation. Saudi Arabia is not trying to break OPEC; it is not secretly trying to rain the economies of Iran or Iraq and, contrary to some of the whicher testimony before the United States Sanate, it does not need more income. It is not afreed that, it will be left with its oil in the ground and it does not betieve the major consumers will do anything which would depress oil prices. Neither does it believe that the current price of oil is higher than the price of oil is higher than the price of oil utilimately should be.

The Saudis believe, and have repeatedly stated, that the price of oil rose too far and too rapidly after 1973; they believe, as do all OPEC governments, that the price of oil will be determined ultimately by the cost of production of synthetic liquid hydrocarbons and that this will be roughly twice the present price of oil.

Foreign Minister Primee Saud has said that Saudi Arabia's price dispute with its OPEC colleagues was only "the timing and rhythm" of price increases.

The importance of the "thoing" is not to be underestimated, but this does not mean the Saudis favor an indefinite price freeze. In various recent projections of world oil supply and demand for the next 20 years, more sober analyses conclude that a supply

problem will appear unless Sauci Arabia lifts its current oil production ceiling of 8.5 million barrels per day. Optimistic reports bave in common a bellef that Saudi Arabia will increase oil production as needed.

So far it has done so. Yet there has been strong opposition in the country to even the present production levels. Many Saudis believe that much current income is wasted; that the surplus income has only been placed in U.S. Treasury bonds or in bank deposits where the rate of return is less than the rate of inflation; and that it would be much better for Saudi Arabia to keep its oil in the ground until it needs

Nonetheless the world demand for the oil will be great, and I think that the United States can reasonably expect to get oil from Saudi Arabia under a few important conditions.

King Paisal and King Khaled have both said that they understood their responsibilities to the world and would produce the needed oil provided there were a just peace in the Middle East.

This is not the entire picture, however. Shekh Ahmad Zaki Yamani, the oil minister, has repeatedly edded to this formula his warning that his country culd not be expected to produce cil—its only important natural resource—if the West continued to be profligate in its use. Saudi Arabia would produce oil for essential uses, it would review its position if there were no efforts in the industrial countries to conserve energy.

There is one more consideration. The Saud's must be shown that they can use their income for the development of their country and their area and that whatever surpluses it has can be invested profitably abroad. It would not be rational to assume the Saudis will forever be willing to accumulate depreciating

The Conditions

These are not impossible conditions. President Carter is fully committed to working for peace in the Middle East. He is equally committed to a strong program of energy conservation in the United States. And there are no American governmental obstacles to widespread Saudi investment in the United States.

But even if all conditions are fully met, it must not be assumed that oil prices will also be frozen. This is out of Saudi hands; it will essentially be out of OPEC hands. As Saudi Director of Petromin Dr. Abdul-Hadi Tahir said recently, "I would like to have someone show me how oil prices are to be kept down during the

shortages we will surely have."
This does not necessarily mean
that oil prices will inevitably
skyrocket as they did in 1973-74.

If the International Energy Agency implements its planned policy of limiting oil imports, the industrialized world should be able to work out with Saudi Arabia and other oil-producing countries a schedule of production and prices to cover the time from now until synthetic hydrocarbons are introduced to replace conventional oil-probably toward the end of this century.

Anything said here or elsewhere about future energy supplies is based on the assumption that there will be peace in the Middle East. If there is not we must plan for catastrophe, not smooth transitions. With peace, however, our oil and petrochemical companies, 'our aluminum and iron and steel companies, should also be able to develop with Saudi Arabia extensive new joint ventures for refining petroleum, for manufacturing basic hydro-carbons and for producing sponge iron, raw steel and aluminum in Arabia and more sophisticated labor-intensive products in the United States.

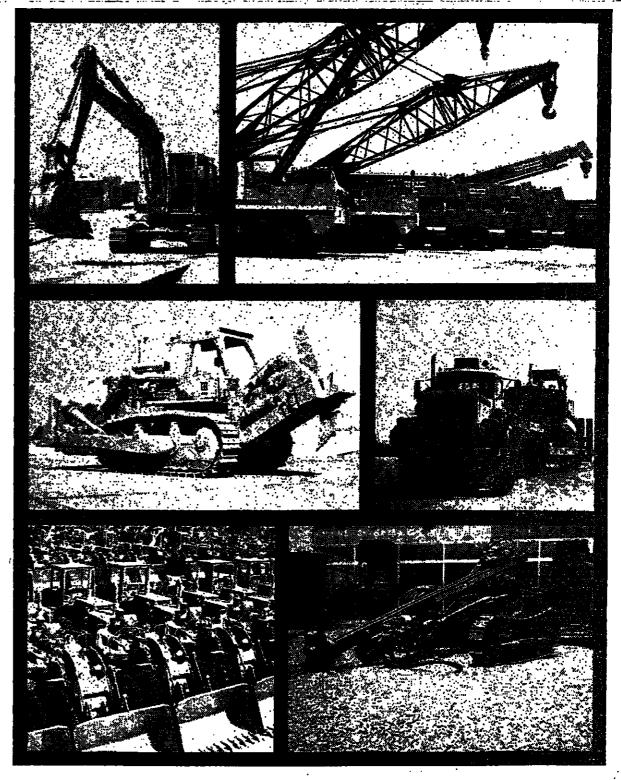
There may have been some truth in the old accusation that the U.S.-Saudi relationship was a master-client one. However, awakening recognition by the United States of its own interests and a more realistic assessment of its capabilities and its foreign policy limitations are matched by Saudi Arabia's growing recognition of the extraordinary, but narrowly based, power and influence it can have for the next 20 years—and beyond, if its resources are carefully husbanded.

There is good reason to look forward to the development of a flourishing new relationship between those two unique countries. The United States' strength and technology working together with saudi energy and capital can be of immense benefit, not only to the two countries themselves, but to the world.

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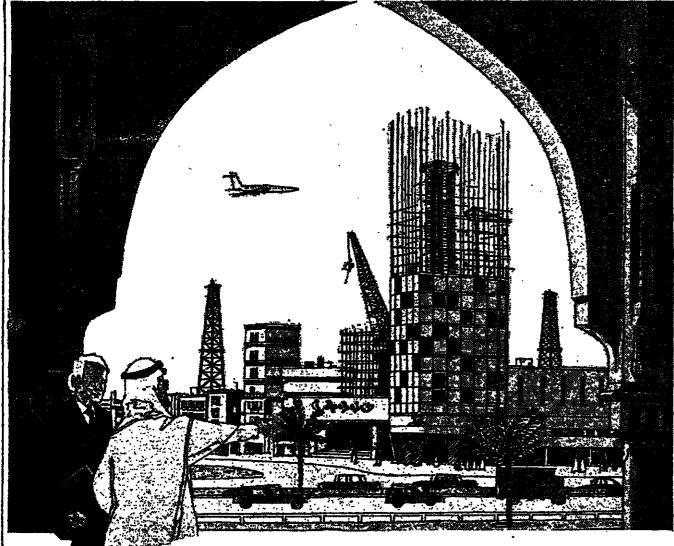




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For Women, Education and Luxury Bring Mixed Blessings

By Mary Jo McConahay

RIYADH (IHT).—For women in Saudi Arabia, the sudden flow of oil wealth is a mixed blessing. It is bringing education and better health for themselves and their children, eliminating drudgery and even providing At the same time it brings aspirations which their strict religious society is not ready to agree to.

"It can't go on like this much longer," says a 24-year-old woman from Jeddah who has attended university and is married to a Saudi businessman, "Some of us want to work at different things, we want to drive and we don't want to wear the veil But we don't want to hurt our families or go against our religion. I see a lot of tension among my friends."

Desnite mixed emotions and even stress among traditionally educated women who feel it is time for some changes, the situation apparently can go on-perhaps much longer. In cosmo-politan areas of Jeddah and the stern province girls may wear thinner veils and shorter black abeyas over their long dresses. but there are few who want to risk family displeasure, bold stares or even the stick of the religious policeman. Customs. with the religious approval they have acquired, and the strict, puritanical version of Wahabi Islam combine to keep social

change for women to a minimum. In towns and cities the rich and middle-rich live with the best and latest products the developed world has to offer. Even housewives in the most remote areas are little by little experiencing labor-saving devices. No longer is the laundry an all-day affair spent with other women, and a recent nationwide electrification program means that froning, for instance, is not a matter of heating coals and wielding a weighty medieval pressing de vice. Bakeries and pre-packaged

food save hours every day. Yet unlike the Western pettern, increased leisure does not signal a release from the house or the chance to develop a chosen career. For the Saudi woman more time means more time to spend at home.

We don't want our women on the street," says a high governeducated member of the royal family in his 30s. "When you see a woman you think, 'She is a mother or she will be a mother." Men and women are equal bees because they have equal responsibility: Man has to build from the outside and woman from the

A full generation after the discovery of oil—as their men are managing one of the quickestgrowing economies in the world. guiding the social development of a people thrust suddenly from nomadism to a state of postindustrial urbanization, taking important positions on internetional fronts—the women of Saudi Arabia are still expected stoy out of "the streets" and neither be heard nor seen except within family groups. When they do go out, they cover up with vell or face-mask and the

ment which renders them "invisible." A woman may now hold a passport in her own name, but she does not leave the country or even travel from one city to another within the kingdom without her maharam, a male relative who will act as keeper or protector.

Seudi women may not drive under any chromostances. They may not take taxis alone or with other women. They are not expected to appear in government office, public places or the markets except under extreme circomstances. Saudi women cannot attend museums, zoos or cultural exhibits except on designated ladies' days when men are not allowed. They do not choose their own husbands,

Men and women who are not perfectly satisfied with these conditions oin their hones for change-

devices, but on education, Fatma Mandily, through her husband, was the first woman to gain admission to Rivadh University in 1982. Today 1,500 young women are attending the university on their own separate campus, and Dr. Mandily is one of their professors. The women's campus is understaffed and the facilities could be better, but, as

"The girls are all hard workers," she says. "Some want to make themselves suitable as wives to educated men. Others want to have careers. But either way, once you start something you don't stop. These girls will, shall we say, impose themselves in the

Dr. Mandily explains there are so

many young women who want to

study that the university must

the modern new women's campus

ernment success against grave obstacles. Opposition was so great in the early 1960s that the late King Paisal opened some of the first girls' schools under millitary protection-traditionalists believed a community school would corrupt girls and weaken their faith. To appea tive religious circles, the government still administers girls' educallon separately from boys' under a distinguished religious personage. While the climate has changed dramatically over the past decade, with Saudi families and communities supporting the government's push the religious

"We need people in these positions who are cautious, religious, and who can protect

patins on girls education will

surroundings," says a provincial an uphill fight, a story of gov- administrator. "We need people to make sure that certain things don't change."

> Chris see time and money lavished on boys' sports while they themselves are not permitted even physical education classes; yet the girls run to school with an enthusiasm seldom seen in the West. College women "attend many lectures by closed-circuit TV because they are not allowed to be present with males, and because women professors are in short supply. Yet teachers report women at all levels outshine their male peers (nerhaus partly because boys are allowed more diversions outside class).

> Although the government is building schools as fast as materials and manpower allow, boys have first priority. The goal for female primary school

per cent that of boys, and the drop-out toll is severe. In secondary and higher education, girls are still limited to "ap-

propriate" studies. As Patma Mandily sits in her spare office and speaks animatedby of the new opportunities for girls today, a tableau forms eround her desk as if to dramatize the point. An old, black woman, chocless, chewing gum and flashing her own gold rings, serves tea. Two young women, who have walked in carrying paperbacks by Austen and Bronte, fling off their abeyas, revealing jeans and track shoes and explain in English they are late for their seminar because the classes they teach to secondary students ran overtime.

How do such working women answer claims that their place is in the home? The close-knit

enrollment by 1980 is only 50 threatened if women are more freedom, they reply, American-style feminist den will never be issues here.

"As long as they allow a study and to work," says. Mandily, "I don't want to rew Fortunetely for them. Dr. 2 dily and her students have the to work in one of the two is: professions the Saudis demi ceptable according to the Eq teaching and nursing, but for other women. The country gravely strained by a shorteg labor in its rush to develop and the consequent are hundreds of thousands of for workers in its midst, but we make up less than 1 per con the work force-among the lo female participation rates in world. A small number are br ing into the job market in a government departments and creetly with foreign compar but in general Saudi men do want their women working w they may risk contact with c men. They interpret the Kora

support this outlook. As a secretary, a woman work behind a screen, and husband and family will be as ed of her protection.

Staggered Polygam

For the overwhelming mak of Saudi women the pric career is marriage. The S family is big and close and f cousin marriages are the pre red match. Bride-pricesinflated by the new wealthstill paid but polygamy, which allowed by the Koran, is an pensive rarity nowadays. E ever, a man may still divorce wife by a simple declaration fore witnesses, a benefit awarded to women, and this pudiation has been called a i of staggered polygamy. A div ed mother has no legal righ her children after they reached the age of seven

There is little chance that t sustoms will be modified, for are not part of a body of law, but of the Sharis, the gious code that is the law of kingdom. In the lawless de of the 7th century this marr code was progressive, and Sa who consider that it is sti safeguard for their women phasize the words of the Prot "The best among you is the who is best to his wife."

Life Is Good News and Bad News Western Expatriates

behind:

remain.

By Bob Lebling

TEDDAH (IHT).—Despite the difficulties of living in a land of harsh climate and puritanical ways, foreigners are still flooding into this country. They are drawn boom that holds the promise of "instant wealth" for all-from street-sweeper to corporate manager. Americans lead the stamnede: bankers and teachers, military trainers and sports coaches, construction crews, oil roughnecks and nuclear physicists.

There are now about 30,000 Americans in Saudi Arabia, and the U.S. Embassy expects that figure to top 50,000 by 1980 provided that the new anti-Arab boycott legislation and propos higher taxes on citizens working abroad do not cut into the American presence here. U.S. firms with large expatriate contingents here include Lockheed, Northrop, Raytheon, Whittaker and Vinnell. The kingdom has about 60,000 Europeans, including 10,000

There is good news and badfor Western expatriates out to their fortunes in Saudi Arabia.

First, the good news: For

eight months of the year, the weather is ideal—plenty of sun-shine and clear blue skies, temperatures are in the high 80s or low 90s (high 20s and mid-30s centigrade), with cool breezes after sunset. There are miles of unspoiled white-sand beaches, and the Red Sea offers the best sporkling and scube diving this aide of Australia's Great Bearier

Foreign residents can sharpen up their tennis games or play a round of gulf at one of several private clubs. They can shop for curios or souvenirs in the bustling souks or market places, and can spend their weekends exploring the desert or visiting remote villages that have re-mained unfouched for centuries. The kingdom is stable, tranquil, by many of the distractions of Western civilization.

Good Earnings

Best of all, there is the money. Many Western exceptiates earn in ss of \$20,000 a year free of Saudi tax, plus company housing, education and holidays. Most claim they manage to quickly build a nest-egg which would take years to accumulate at home.

Now for the bad news: Westcally short supply here. Because of the strict, conservative religious ethic that governs the birthplace of the Islamic faith, there are no cinemas, nightelubs, bars or gambling castnos.

Alcohol is strictly forbidden Even the major hotels are dry. A fifth of bootleg whiskey costs \$100—when it is available. Most expatriates have access to Sidio (Arabic for "my friend"), homedistilled liquor that looks like rectich or gin, but definitely is an acquired taste.

Women Restricted

Social life is limited. Married couples tend to socialize within limited expatriate circles and there is little contact with Soudi families. Life is particularly confining for bachelors. "It's like living in a monastery," says a ced Englishman working in Jeddah on single status.

Emotionally, an assignment is often roughest on wives. Western women everywhere in the Arab world complain that they are often left with time on their hands while their husbands at least get job satisfaction. But Saudi Arabia is probably the most

confining environment of all Women are not allowed to drive there even if they hold valid driving licenses from other countries. This makes even a simple trip to the grocery store a nuisance. American and European women

stepping into this milieu experlence emotions ranging from annovance at the restrictions to te of shock over the status of Saudi women, Most Western women. live in company compounds where their husbands' employers go to great lengths to provide the games, clubs and amenities they hope will keep the women satisfied and give families a semblance of the lives they left

When they thre of Med-Jong and crafts bessers, many start listening-in on the job underground. Saudi and foreign companies are often anxious to hire Western women for office work. even without hard-to-get working papers, sithough prof en recely find jobs in their

Mousing costs can be staggering. It now costs between \$50,000 and \$60,000 to rent a threebedroom spartment for one year, the U.S. Embassy estimates. nent for one Renovation costs and sir-conditioning could add \$10,000 to

provide tapes of the latest Ameri-Dividing up a villa into bachelor tions can bring the cost down to a still-hefty \$15.000 per person. In the oil-rich eastprovince, the cost per man for long-term bachelor accommodetions is somewhat lower-

housing is available. Firms which bring in shortterm employees may spend as much as \$2,500 a month to house one employee in hotel-type ac-

about \$8,000 a year, because more

Education, Costs

Education is another major problem facing expetitietes who being their families to Sendi Western elementary schools are scarce, expensive and overcrowded. Parents must send their children abroad to attend high echool or university.

Apart from beach life and the lure of the unspoiled hinterland, Saudi Arabia has little to offer Americans and Europeans in the way of leisure-time activities. As a result, Western expetristes import their own entertainment. A thriving videotape cassette business has sprung up in the Private lending li-

braries and Western companies

can and European television fare, including feature-length movies and sports events. The videotape phenomenon, as

popular among wealthy Saudis as is among Western expatriates, reaches as far as the remote oil commo in the deserts of the Empty Quarter, where oil workers can relieve their boredom and isolation by turning on ABC's "Wide World of Sports" or films like "Star Wars" and "Looking for

Many of the larger Western nies provide recreational facilities for their employees. The Hochtief compound, for example, includes a swimming pool, library, playground, discotheque, and Jeddah's first bowling alley. The introduction of Western leisure activities is, inevitably, having an impact on Saudi citizens. But so far this has not resulted in public pressure to open the country to American and European cultural influence

Saudi officials point to urban violence and crime in the West, and wonder whether American and European films and television programs might undermine a religious-oriented social structure that keeps crime here to a min-

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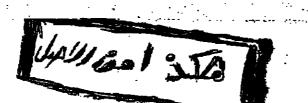
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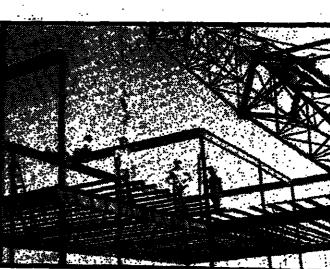


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"An office building in Texas?
"A restaurant in Buckinghamshire?"

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SENIOR DATA PROCESSING CONSULTANT	\$65,000 ap	Major Iraniae firm,	Fehran	Advanced tech. degree with min. 8 yrs. heavy exp. data processing dylpt. incl. 3 in magt.	Mr. W.W. Higgins, Advanced Technological Services Inc., 1000 Connecticut Ave., N.W., Washington, D.C. 20036.	Wall Stree Journal 1-2-78
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— (W) U.S Dollar Fund 388.27 — (W) Sterling Fund 3128.80	(w) Nippon Pund	\$13,44 \$5.68*
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- (d) Swiasvalor New Ser SF244.50 - (d) Univ Bond Select SF72.75	(w) Takent Global Fund (w) Tokeo Pac. Hold. (Sea)	\$9,51 \$31,35
- idi Universal Pund SP78.04	(w) Tokyo Pac Hold, N.V., (w) Transpacific Pund	\$43.05 \$25.54
Union bank of switzerland:	(w) United Can. Inv. Fd	\$2.68
(d) Ames U.S. Sh SF21.75	(w) Universal Dollar Trust	\$5.09

UNION INVESTMENT. Frankfurt:

BOOKS

THE ZAPPING OF AMERICA

By Paul Brodeur. W.W. Norton. 343 pp. \$11.95.

Reviewed by Victor K. McElheny

IN WAYS that still puzzle medtells us, levels of human exposure to microwaves far below the intensity needed to cook in a microwave oven have been linked for 25 years to cataracts in radar operators, and, more re-cently and tenuously, to birth defects at an Army post in Alabama and cancer at the United States Embassy in Moscow. The use of microwaves, he writes, has become so pervasive that it "affects every man, woman and child in the land."

The credibility of this rather shrill book, which hammers away at the dangers of microwaves, rests in part on a favorite literary theme of this age of technology. The theme is man-kind awash in an invisible ocean of technical menaces, willed upon us by malign beings who wish to use technology to enrich themselves and maintain their sway

The reality is both better and worse than this. Mankind is not five times more numerous than it was only 200 years ago because life is materially worse. Obviously, a river of benign inventions, such as those that bring clean water into cities and anesthetize patients for surgery, has been

As Brodeur tells us, some scientists are beginning to take seriously the possibility of medical risks, particularly of cataracts, from small doses of the microwaves so widely used in rich nations for cooking, trans-mitting long-distance calls, bringing civilian airliners down for landings and monitoring the seas and skies for foreign military craft.

The publication last year of two articles in the New Yorker, on which this book is based, created great interest among leading biologists. It is probable that Brodeur's articles, while alleging a sustained cover-up of possible risks over many years, appeared when microwaves began to be pervasive enough to force consideration of them as a medical problem.

Brodeur's book performs an important service in forcing both private industry and the United States military to justify, more publicly than they were accustomed to, the safety of largescale uses of microwaves.

Where the book is less persuasive is in arguing that the interest of the military in continued use of microwaves has suppressed medical and biological research into the subject.

The book quotes extensively ical science, Paul Brodeur from U.S. government memorandums indicating that military and civilian officials, mindful of the tremendous present and potential utility of microwave detection and communication were less than eager to investigate medical dangers from microwaves. But the apparent obstruc-tion by such officials has less influence than Brodeur thinks on trends in medical and biological research.

The biological risk from microwaves has attracted relatively little attention from researchers. not because of military flat, but because, logically, the risk seemed so moderate by comparison with the possible role of processed foods, new synthetic chemicals, cigarette smoking. X-rays from medical examinations and many other works of man that have been implicated in the induction of cancer and heart disease.

Among biologists, many whom have been trained in the disciplines of physics that would make them mindful of risks from all types of radiation, including microwaves, interest focused for many yests on the role of vi-ruses in triggering cancer. Only now is interest shifting some-what toward environmental causes, such as asbestos or chemicals in the air and water that reach workers or the general population.

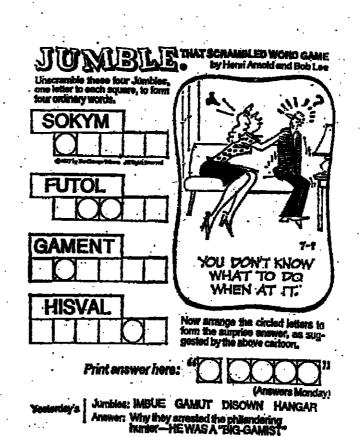
Medical and biological researchers in the United States have grown numerous, and outspoken. In 1969, leading researchers exerted themselves very effectively to induce President Nixon to abandon unilaterally the nation's long-standing commitment to biological warfare. It is difficult to imagine such scientists deliberately ignoring for many years an obvious risk to public health.

Although even the most dedicated believer in conspiracy theories will find Brodeur's exposition heavy going, the book has its engressing and ironical passages. Among the most interesting are those describing the State Department's contortions in discussing publicly the health risks to its staff from the unexplained and long-continued microwave irradiation of the Moscow embassy. The streams of microwaves hitting the embassy are of an intensity far above that considered benign by Soviet biologists—who have steadily been more worried about the problem than their Western colleagues. .

Victor McElheny is on the staff of The New York Times.



I'LL BUILD THE FIRE YOU

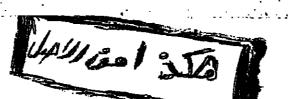


speed as a newspaper at the Past Office. "Printed to Great Brildia"



DENNIS THE MENACE

WELL I'M NOT YOUR LITTLE BOY ... AND NOT LIKELY TO BE, EITHER IN



ts Balk at Playing in Oakland; t Denies a Sale of Mets Looms

NEW ROLE—Joe Namath,

ex-pro football quarterback;

appearing in new star role

as basketball coach in TV

series filmed in Los Angeles.

their name to something reflect-

ing the common territory of the

two cities—such as the Bay Area

Moscone rejected the proposals

The approval of the mayor and

the supervisors was necessary to

permit the Giants to renegotiate

their contract with the city-owned

Candlestick Park. The contract

Not Going to Worry'

"I'm not going to worry about

We have a team with a hot of

real now. I'm hopeful we'll draw 1.2 million [people] and at least

"The games in April and May

are going to be even more crucial

now, in getting people accustomed

to coming out and seeing us."

Lurie said in referring to chilly

early season crowd problems.

like the seventh game of the

Little-Used, High-Paid Hurler Not in N.Y. Camp

expires in 1994.

break even:

World Series."

status this year.

than Holtzman did last year.

18 games for a total of 72 in-

And he anticipates getting less

"I guess it's possible to get less,"

Just as he did virtually every

work this year. Will he earn \$3,000

he said, "as you work your way

day last season, Holtzman has

asked the Yankees this winter to

trade him, to send him where he

could be something other than a

Holtzman has in his five-year

contract which extends through

an inning, maybe \$5,000?

down to zero.

bullpen decoration.

outright. Even if the San Fran-

ly Nancy Scannell

تعكدا من الاصل

By Dave Anderson

ON Feb. 10 (WP) -- Negotiations ing the Oakland A's to move to ed yesterday when the San Franetracted their offer to play some Oakland-Alemeda County Coliseum

nt for the A's. The ippears to assure ill remain in Oakn, continuing their ctive tug-of-war ts across the Bay. ver Bob Lurie said he decided to withr when it became that no comprooposal was possible rancisco and Oak-I officials.

our or so, it was THE DO WRY to COMe said. "So I callr and told them to schedules printed rts ready. We're aying every day at Park in San Fran-

any comment yet," iley, the A's owner, "I'm still hopeful he worked out." d Sessions

session was the - I in the last month ie, San Francisco Moscone, National mt Charles (Chub) _ xber Nahas, general e Coliseum. annissioner Bowie

erican League pres-acPhall also have to help hammer rise that would end cisco mayor had agreed, there was little possibility that the city's Board of Supervisors would have haos caused by the he NL Giants and ompetition for fans llions of dollars in clubs.

d in December to to Denver oilman for \$12.5 million. applauded by many cause it would solve problem" by movout and would end ial Pinley's associa-

Charlie," Lurie said. "Unless something dramatic happens to [the A's], they'll probably be playdeal was contingent a ility to free the A's ing in Oakland. I don't know rears remaining on how well they can do. . with the Coliseum. fered to play some potential and we are going to be contenders this season. I hope - land to help Finley that it will sink in that we're for

--- it Filed ficials balked and ock the sale. After f a financial settleid have covered the und other baseballies, Coliseum offislightly.

hey would comproent of their home akland and change

, Peb. 10 (NYT).—

nowdrift dominates

of the Ken Holtz-

. 3 in Lincolnshire,

or I'd see if I could

ny affairs here and

of flu around here."

w. too. The town.

he north shore of

1, about 35 miles

ago, has been hit

inches of snow this

nough to make a

altzman's case he

ion from the Yan-

the early spring

that started Wed-

remains at home

Robyn, planning

into his van Feb.

in Fort Lauderdale

ers and catchers

helle, and 4-year-

esn't move Holtz-Florida any sooner

said by telephone virtually invisible

For one thing, my

we Seen Barred No Bid Received in N.Y.

NEW YORK, Feb. 10 (NYT) .- Mr. Donald Grant, the New York Mets' board chairman, said yesterday that he knew of no inclination among the baseball franchis's owners to sell the Mets' to a group that would include Joe Namath. "You

always hear about people who want to buy the Mets." Grant said, "but even the people in this group arknowledge that they haven't even talked to us about

The group's spokesmen is George Oppenheimer, a business adviser to Nemath, the 34-yearold onetime New York Jets quarterback who announced his retirement from football last

"We have not yet talked to the Mets," Oppenheimer was quoted as having said, 'but we feel the club might be for sale soon We are organizing this group in hopes we can sit down with them when they are ready to talk." John Payson, the Mets' scoretary and a member of their board of directors, sain he was "not interested" in selling his stock in the National League franchise.

Payson's sister, Mrs. Lorinda. de Roulet, the Mets' president, was reported to be on a Caribbean craise ship and unavailable for comment on the chib's future. "We have an agreement emong ourselves." Payson said by telephone from Hobe Sound, Fig.,

That none of the stockholders would self his or her stock without the others' knowledge and

The major stockholders in the Mets are Payson; Mrs. de Roulet, their father, Charles Payson, and

"This is not a troubled team as some people like to esy," Grant said. "We think we're one of the least troubled franchises in baseball. We're in good shape financially and we think we have a good team."

Despite a last-place finish in the National League East last year, the value of the Mets has been estimated at \$20 million to \$25 milition.

There have been no discusstons about selling the club," Payson said. "We went through some interior discussions back when there was talk of the team having to move to Yankee Stadium for two years if New York City was awarded the 1984 Olympic Games, but that's been the extent of it."

According to Jimmy Walsh, imath's attorney and agent, the throst for a possible purchase of the Mets came from some unidentified Texas oil millionaires, not Namath. An unidentified "Every game this year might be. New York advertising agency executive also was mentioned in the published report.



Would-be men's downhill skiers leaving the slopes of wind-blown Mont Blanc yesterday.

Winds Block World Cup Downhill on Mont Blanc

CHAMONIX, France, Feb. 10 (Renters) -Gale-force winds gusting across the frozen slopes of Mont Blanc forced today's men's World Cup downhill skiing race to be postponed, and the event is in danger of being abandoned.

The organizers have rescheduled the race for early tomorrow. before the first leg of the men's

But the latest weather reports predict further snowstorms here in the French Alps tonight and so conditions tomorrow could

Officials ruled out holding the race over until Sunday because of the demand for hotel accommodations here in Chamonix. This weakend marks the start of the peak winter holiday season and the region's hotels are fully booked as of tomorrow night.

Tomorrow's slaiom, held at a much lower altitude, is expected

The 62 downhill contenders from 16 countries today spent several hours cooped up in a cabin near the starting gate, 1,870 meters up the slopes of Mont Blanc, before officials decided that the wind was not going to drop and called off the

Beaten by Mayer, Unranked Player

Top-Seeded Gerulaitis Is Upset at St. Louis

ST. LOUIS, Feb. 10 (UPD .-Vitas Gerulaitis, No. 1 seed in the \$175,000 St. Louis phase of World Championship Tennis tour, was eliminated yesterday in the sec-cod round by unseeded Sandy Mayer, 6-3, 7-6

Mayer, Gerulatio's regular doubles partner, had a nearly flawless attacking serve and volley during their third meeting in three weeks.

Mayer defeated Germantis two weeks ago at the U.S. Indoor at Fhiladelphia but Gerulaitis avenged the loss last week in Rich-Australian John Newcombe

continued his comebank yesterentering the quarterfinels with a convincing 6-3, 6-1 victory over another unseeded player, American Tom Gulikson. The 33-year-old three-time

Wimbledon champion needed less than on hour for his second etraight triumph on his road back after an injury.
No. 8 seed Workek Fibak of Poland advanced to the quarter-

finals by defeating Bcb Hewitt of South Africa, 6-3, 6-4. Chais Lewis of New Zealand eliminated Mark Cox of Engla 6-3, 7-5, in a battle of unseeded

American Dick Stockton defeated countryman Peter Fleming 6-1.

Solomon, Smith Gain SPRINGFIELD, Mass., Feb. 10 (AP).-Top-seeded Harold Solomon and second-seeded Stan

Smith advanced yesterday to the quarterfinals of the \$75,000 Springfield International Tennis Solomon was taken to three sets before ousting South Africa's Bernie Mitton, 6-1, 2-6, 6-3. Smith also went the distance with Brit-

Also advancing to the round of eight were Bobby Lutz, rated third, and sixin-seed Marty Ries-

Lutz defeated Jorge Andrew of Venezuela in straight sets, 6-4, 6-1. Riessen downed Chile's Alvaro Filini, 6-2, 4-6, 6-4.

Stove, Turnbull Win SEATTLE, Feb. 10 (UPI) .- The field of Martina Navratilova's challengers in the Scattle leg of women's professional tennis tournament narrowed yesterday. as Betty Stove and Wendy Turnbull became the first players to advance to the semifinals.

Nevratilova, top-seeded, entered the tournament with four conescutive tournament victories The third-seeded Stove, of the Netherlands, won her third con-secutive match in straight sets, downing sixth-seeded Kerry Reid,

Fifth-seeded Turnbull, of Australis, came from behind to defeat

EASTERN CONFERENCE Atlantic Division W L Pet GB

Finladelphia 35 15 .700 —

New York 27 25 .519 8

Boston 18 31 .887 16 1/2

Buffalo 16 32 .333 18

New Jersey 10 42 .182 25 Central Division

| WESTERN CONFERENCE | Midwast Division | Denver | 33 19 .635 | — Chicago | 29 24 .547 4 1/2 | Miwatikee | 27 27 .500 7 | Detroit | 23 28 .451 .9 1/2 | Indiana | 18 33 .385 14 | Kansas City | 18 34 .246 15 Pacific Division

fourth-seeded Rosie Casals, 5-7, 6-1, 6-2. Casals defeated Rence Richards Wednesday to get to the third round.

The other two cemifinal spots will be decided tonight when Na-

Kathy May and two unseeded players. Jeanne Russell and Marita Redondo, square off. Navratillova will be gunning for her 23d

U.S. Tennis Leader Pledges To Play S. Africa, Laments It

NEW YORK, Feb. 10 (Reuters). movement of South Africa," he -The president of the U.S. Tennis Association said yesterday that South Africa should withdraw from the Davis Cup because it has disrumpted the international tennis competition.

"We feel South Africa should withdraw from Davis Cup and Federation Cup competition," USTA president W.E. Hester said in an interview by phone from his office in Jackson, Mirsi, "We feel they should withdraw because of the disruption they have caused to the play of Federation Cup and Davis Cup

The United : States is due to match starting on March 15 in Nashville, Tenn.

The USTA Leadquarters here has received a number of re-quests, mainly from domestic groups, urging that the United States refuse to play South Africa because of its apartheid racial.

TIN Votes Cited

One letter, from a group known as the South African Non-Recial Olympic Committee, claimed that the forthcoming match violates United Nations resolutions against epartheld in sports and is an affront to the South African people

But Hester said the United States would play the match. "We do not feel that a Davis Cup match between the United States and South Africa will lessen to any extent the apartheid

Soviet Invitation

NEW YORK, Feb. 10 (UPI) .-The Soviet Union has announced that it will open its version of the Otympic trials, the Spartakiade VII. to foreign athletes for the diest time next year and will invite as many as 2,000 athletes from five continents to compete against 7,000 Russian

College Basketball

East Dickinson 77, Swarthmore 67. G. Washington 98, Duquesne 74. Navy 63, Catholic 58, Rutgers 74, Mass. 62. St. Peter's 95, Conn. 71.

Chattan ga 87, Tean. Tech 75. E. Carolina 90, UNC-Wilm. 85. NW Loutsiana 71. S. Miss. 68. Rand'pin-Macon 71, Bamp-Sydn W. Va. St. 89, Wheeling 75. Midwest.

Indians 65, Purdne 64, Minn. 64, Wis. 55. Mich. 85, Ohio St. 74, Mich. St. 71, Iowa 70. N'western 72, Ill. 61, Southwes Ark. 80. Texas A&M 79. Texas-El Paso 65, Ariz. 51.

West L. Beach St. 88, Fullerion 84. S. Jose St. 70, UC Ivvine 67. S. Diego St. 87, S. Barbara 71. Wash. St. 57, Orc. 55.

> NHL Results Thursday's Games

Atlanta 4, Los Angeles 2 (Lysiak, ouston, Mulhern, Simpson; Taylor, Ocring). Chicago 3, Montreal 3 (Boldirey, Mikita, Magnuson; Larouche, Tremblay, Buffalo 2, N.Y. Rangers 0 (Perresult, Ramsay) Philadelphia 5, Vanoquver 2 (Dorn-hoefor 2, Saleski, MacLeish, Lonsberry; Ververgaart, Gillie). Boston 5, Detroit 3 (Miller 2, Milbury, Sheppard, Marcotte; Lavson, Libbett,

> WHA Result Thersday's Game

He said it was against USTA policy to allow national or international politics to interfere with matches involving the United

"The USTA supported Russians, Chile, Chine, Taiwan and India on grounds that international politics not rule international tennis," Hester said. "We stand by that policy." "We didn't invite South Africa

to play in the United States," he "They were placed in the North American draw of Davis Cup international nations?

The only way the United States the South African group would be the area's three racetracks. to default, Hester said. Such an action, he said, would ber the United States from Davis Cup play for three years.

Women's Coach Quits U.S. World Cup Team

(AP).—John Bowerman, head coach of the U.S. women's ski team, resigned yesterday after the girls' final races in the Eurepean portion of the World Cup-No reasons were given for the resignation, but Henk Tauber, director of the team, said: "We knew it was coming for several weeka"

"I would rather not say anything about it until we know what we are going to do about it in cevera! weeks," Tauber said. The American women's team placed three girls among the top 10 in the World Cup giant sistem in Megève yesterday and is now en route to the United States for a brief rest and to prepare for the World Cup races scheduled to be held in Stratton, Vt., and Waterville Valley, N.H., early next month.

Bowerman was not available for comment. He left immediately after yesterday's races presumably to go to his home in Wenat-

Other U.S. team officials also declined to comment on Bower-man's resignation but outside ski sources said Bowerman left because of personal conflicts with

Bowerman, 39, had been head coach of the American girl skiers for the last two years. A rodeo rider in his spare time, he is a graduate of the University of Oregon and the French national ski school and founded the Mis-

don Ridge Ski Training Academy

in Wenatchee

'Frank, Straightforward'

Bowerman had trained the American girls for the 1976 Winter Olympics in Innsbruck, Austria, and for last week's World Alpine Championships in Germisch - Partenkirchen, West Germany. The U.S. skiers achieved only mediocre results. Cindy Nelson of Lusten, Minn., held the ton American rank in the World Cup, in 10th place without any hope of achieving premier honors this year,
"A lot of girls might have

problems with John's approach," aid Christin Cooper, of Sun Valley, Ideho, the American women's slalom champion. "He's to frank and straightforward in the way he coaches and in the way he handles you off the hill

"I think it's good, in an honeit Nelson, the team's veteran and

3 N.Y. Racetracks

Lose Millions on Snow NEW YORK, Feb. 10 (UPI) .close to two feet of snow, here this week stopped a cash flow The storm resulted in a loss of approximately \$700,000 for aqueduct, Yonkers and the Meadmost successful racer, had similar praise for Bowerman. "For me, that's the way I like to be coached," she said, "We all react differently but I would say John knows how to ecach each individual on the team.

Argentinians Dispute Cost Of World Cup

BUENOS AIRES, Feb. 10 UFI).—The head of Argentina's World Cup organization has denied the finance minister's allegation that the 1978 championship soccer games will add to the nation's galloping inflation.

Antonio Luis Merlo, head of Ente Autarquico Mundial, said the money spent on the World Cup also will not add to the nation's fiscal deficit and suggested that the finance minister should re-

Finance Minister Juan Alemann last week said that without the World Cup expenditures the Dation would have "a smaller deficit, less monetary emission and

less inflation." Aleman also said the real cost of the World Cup will be about \$700 million, not the approxi-

mately \$30 million suggested by the Ente Autarquico Mundial. "When an official, as in the

case of Dr. Alemann, feels obliged to make public a difference of opinion he may have with another official who has made a decision for which that official is responsible, the proper course to take is resign first and then make public his criticism." Merlo

Scot Warns Fans

GLASGOW, Feb. 10 (UPI).-A Scottish member of Parliament warned today that soccer fans who get into trouble at the World Cup finals in Argentina could be interned in concentration camps and never seen again. Dr. Jeremy Bray, Labor MP for Motherwell, said fans must realize that in Argentina next June police and soldiers will use different tectics from those to which Europeans are accustomed.

"If hundreds of Scots football fans can find themselves in trottble at Wembley, then others will end up in the hands of police in Argentina," Bray said. The difference is that while

in London and other European cities those arrested can be traced. in Argentina they can just disappear," he said.

Cup Candidates' Woes

BUENOS AIRES, Feb. 10 (UPI). -The Argentine Football Assosuspended three players, including two members of the national team, for up to 20 matches for their behavior in the Argentine

A Transatlantic Dispute

Lame Trotter Subject of a \$1-Million Suit

rum another test. I said OK, pro-

vided we both promised in writing

By Red Smith NEW YORK, Feb. 10 (NYT) .-

evele Thunder is a crippled trotting horse that belongs to either Charles Shitsky or Lloyds of London, depending on a numher of things. He is a son of Nevale Pride, the fastest trotter that ever lived, and when Stanley Dancer started driving Thunder he felt the colt had a chance to be betten than his sire. As a 2year-old Thunder won 18 of 21 races, including a dozen stakes, and set the fastest times of the year on tracks of all sizes. He was undisputed champion of his age group and drew 11 votes for Harness Horse of the Year, an unusually strong showing for a beby. Before the cold turned 3, Skutsky, who runs the Nevele Country Club in the Catskills in New York, syndicated him as a stallion for \$1.5 million. Nevele Pride's 63-militon syndication is the top figure for a harness horse and Thursder's price set a record for a 2-year-old. The next summer, Tounder took a step wrong in the Hambletonian and broke

his left foreleg. "He probably should have been destroyed right then," Slutsky said this week. However, Dr. Thomas Dunkin of Chicago, the reterinarian who treated the colt, said the injury wouldn't hamper him as a lover, so a cast was put on the leg. Shotsky had paid \$30,000 to

insure the forse with Lloyds for stud service. The policy called for \$1 million if he should prove Contrary to popular belief,

Lloyds is not an insurance company. It is a market, something like the New York Stock Exchange, where underwriting members form syndicates to accent hisprance business. Shrtsky dealt with the Rhulen agency of Monticello, N.Y., which in turn placed the policy with underwriters through a Lloyds broker in Lon-Under the terms of the policy, Rhulen, acting as American agent for Lloyds, selected Drs. Howard Gill, Larry Sauter and Jim Booth as a team to examine Nevele Thunder for fertili-

The flunked him. The test was conducted in De-cember, 1976. When the result was unsatisfactory, Slutsky paid back the members of Nevele Thunder's syndicate and put in a claim for his \$1 million. A team of veterinarians came over from

ican vets were incompetent," Slutsky said, "the vets were picked by their own agent. They wanted to

not to use the result in court. They weren't interested. I had played by the rules and they had lost the game. Now they vanted to play another inning, hoping thev'd get lucky."

He filed suit, first in the New York Supreme Court and then in federal court. The underwriters countersued, claiming that

Ugandan TKOs Ex-Champ Foster In Copenhagen COPENHAGEN, Feb. 10 (Reu-

ters.—Denmark-based Ugendan light-heavyweight Mustapha Wasawja beat former world champice Bob Fester of the United States in five rounds here last night.

Foster, back in action after e-tiring an unbesten champion in 1974, had to give up at the end of the fifth round with an injured right hand. He had attempted to withdraw

one round earlier but continued after protests from an angry crowd and an extended interround break. Former European light-middle-

weight chempion Icre Hernandes of Spain also retired in the fifth round of his fight, against another Danish-based Ugandan, Ayub Kalule

Mike Everett of the United States knocked out Denmark's former European welterweight champion Joergen Hangen, in the first round

an unusual, uncommon and extraordinary set of circumstances. was under "inordinate physical and emotional stress" and "not in suitable physical condition to be tested for fertility."

A year dragged by. "I don't need the money and I'm very patient," Shitsky said. "They can't wear me down." Recently he received a telephone call from a lawyer for the underwriters. "He seemed

anxious to have hinch," Slutsky said, "so we did. Before that, they had been talking about how the horse wasn't worth a million anymore. They suggested that I keep the horse and maybe they'd give me a few dollars. I walked out. I had considered Nevele Thunder their horse from the

day I put in the claim. "Now, though, the lawver took a different approach. He said if I would drop the claim, he would recommend payment of \$800,000. I never meant to settle, but for various reasons I accepted. The lawyer said he had a call from London saving, 'OK, it's a deal.' But I've got nothing in writing, I have had no calls from insurance people and I haven't seen any money. Until I have the check in my hand, the lawsuit

is still on. "If I get the \$890,000, I consider it a loss, not a victory. I'm being ripped off for \$200,000, If I drop the claim, that doesn't mean we can't pursue other rame. dies to prevent this sort of thing from happening again. A sens-tor I know in the state capital tells me he's going to introduce a bill prohibiting brokers in New York from doing business with foreign companies that aren't licensed in New York, because when something like this happens we have no recourse."

22. Your U.S. Customers

Long Distance is the next best thing to being there.

lockey Team's Girl Goalie Canada Boys: C'mon, Play GO, Peb. 10 (AP).-Michele Emerson wants the to stop all their fuss and come on and play ice the 9-year-old goalie for the Waukegan Shields ockey team, was ordered off the ice when her male

played in Canada last month. The Shields are o play against a visiting Canadian club in Kenosha, Michele shows up, "We've told our team to just skate

and wait for the next game," said Pat Doherty chener, Ontario, Hockey Association. in the Canadian Association face suspension if they st girls. The issue is in the Canadian courts. umateur hockey rules permit girls and boys on the

aned for this for a long time," Michele said, "and to suit up against them. If they want to walk eir tough beans." as we're concerned, she's our goalie. It's up to the team whether they'll play," said the sponsor of

am Raiph Shields. · understood that she could not play in Canada association's rules banned competition with girls. thought I could play here, because there is no rule ark can't play hockey." Michele, of suburban Bufsaid in a telephone interview.

we played against the Chicago Saints, their team i over and gave me some flowers and wished me e certainly whipping this into a big deal. Especially came is exhibition—it doesn't mean anything. It's) promote hockey for kids, goodwill between Canada

3." said David Emerson, Michele's father.



that I wouldn't be so rigid that I lowest annual total he has ever

thing mutually beneficial to both of us. But I've never had anything come back from them, so I have to assume they're not planning to do anything. I'll just go down and do my job, whatever

If there is anything different

watch again, but a least there won't be any surprises that I

neighbors. "I've also run a little bit," he "Most of the time indoors, but a little outdoors. The streets are like ice and we don't have



Ken Holtzman a provision giving him veto power where he would allow the Yankees to trade him-preferably Mil-

"I told them I would be elastic.

about this season for Holtzman, "Twe probably reconciled myself

won't be pitching much." Holtzman has not pitched this winter—"I haven't picked up a baseball in a year and a half," he had quipped earlier-but he has kept in shape playing racketball and handball with some

Thursday's Restills
New York 126, Indiana 117 (Haywood
37, Maddoo 24: Tatum 24, Bentom 23)
Portland 84, Catroland 88 (Chena 35,
Gross 18: Catr 19, E. Smith 17).
San Antonio 104, Houston 94 (Paulte
29, Kenon 25: Murphy 26, Malone 15).
Phoenix 125, Atlanta 98 (Davis 28,
Adams 18: Drew 41, Hawes 14).
Golden State 119, Atlanta 98 (Davis
28, Adams 18: Drew 41, Hawes 14). 28, Adams 18; Drew 41. Hawes 14). Golden State 119, Denver 198 (Barry 2, Smith 28; Issel 22, Thompson 20). any sidewalks."

ain's Roger Taylor, but prevailed

1980 with an option year in 1981, over any trade. Earlier in that contract, he was particular about

waukee, but Chicago was all right,

Now, he was shuffled his thinkwould veto any trade they came up with," said Holtzman, whose two victories last year were the

"I woudn't blindly rule out any-

it could be in the way he reacts more to the fact that this year could be the same as last," he explained. "Last year was unexpected. This year there will be no surprises. I assume it will be frustrating just to sit there and

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Let's Talk Business

Art Buchwald

WASHINGTON.—My friend brown-bag their midday meal is. Russell Baker of The New York Times has just written an article suggesting that if businessmen can deduct their threemartini lunches, blue-collar workers should be able to deduct their bologna sandwiches. Mr. Baker,

who claims to represent the proletariat, ajthough he is really a closet populist, once again has missed the He implies that while businessmen can eat from the taxpayer's trough, 👪 🌋

ers are forbidden

blue-collar work- Buchwald to do so. This is not so. The blue-collar worker is just as entitled to deduct his bologna sandwich as the executive is his Dover sole, providing the worker dis-

The IRS is very specific about tax-deductible lunches. You can deduct the meal if you discuss business that will be beneficial to 2 sale, inspire a deal or endear you to a client for the rest of his life.

The trouble with blue-coller workers and other people who

Village Adopts Reformed Script For Passion Play

OBERAMMERGAU, West Germany, Feb. 10 (UPI).-Defying opposition by residents of this Bayarian mountain village the Oberammergau Town Council has decided to adopt a reformed script for its centuries-old Passion play which eliminates referidered anti-Semitic, according to an administration

Town councillors Wednesday voted. 9 to 6, in favor of the reformed version, written in 1750 by Eavarian priest Ferdinand Rosner in the manner of a medieval mystery play.

A plebiscite conducted Dec. 18 showed that 60 per cent of the population voted for staging the play with the traditional script. written by another Bavarian priest, Alcis Daisenberger. Dai-senberger's script has been called

In the reformed version, Lucifer's forces of evil come on stage in masks representing jealousy, greed, venality, hatefulness, decett, death and despair and call for the crucifixion of Christ. In the old version the forces of

Cosmonaut Mark Due

MOSCOW, Feb. 10 (UPI).-Soviet Cosmonauts Yuri Romanenko and Georgy Grechko will equal the Soviet manned- spaceflight record of 63 days tomorthat they refuse to discuss their work while they're eating their sandwiches and drinking from their thermos bottles.

When you see two guys sitting on a girder 40 stories no munching away. You can be sure the conversation goes something like

"What did your wife make

"A meatball sandwich with green peppers and onions and tabasco sauce and lettuce and tomatoes. She don't have any imagination. What have you

"Salami, goat's cheese, scallions, sesame seeds and mustard on rye, and a banana. How do you think the Yankees are going to

"I guess it all depends if Reggie Jackson and Billy Martin talk to each other."

Now as far as the IRS is concerned this is not a business lunch. It's just two guys sitting on a girder chewing the fat, and there is nothing in the way of a deal to come out of it.

On the other hand, if one of the men said to the other, "TH give you my pickle if you let me use your blowtorch on No. 4 joint," and the other one resnonded. "OK. but I want a swiz of your chicken soup, and I want you to get the foreman to buy me a new pair of gloves." That would be an acceptable conversation to deduct not only the men's sandwiches but the pickle and chicken soup as well.

The same holds true for sec taries. They can deduct their tuna fish salads and iced tea if they stick to business. But most secretaries at knich prefer to tell each other what hankypanky X is committing with Y. The IRS is very tough about office gossip and will disallow any luncheon deductions where sex is the main topic of conversation

By the same token if one secretary says to the other, "My boss gave me some dictation this morning and I accidentally erased 18 1/2 minutes of the tape," and the other says. "Did you have your foot on the pedal when you answered the phone?" and the first says "Yes," and then the second one says, "That will do it every time," the secretaries have met all the qualifications for a tax-free meal.

The point that I'm making and which Russell Baker missed is that the sandwich eaters have as much right to a deductible lunch as the person who exis at 21 or the Sans Soud as long as they keep a diary of whom they ate with and what business they

Both President Carter and goguing about businessmen getting a free ride at mealtime. But neither opinion-maker has mentioned that, if guys on the girders talked business 40 stories up they could drink three free martinis

'Killing one's father was a quite serious thing

40 years ago,' Claude Chabrol points out. 'Today,

people get less upset about it ...?

Violette Nozière: The Exemplary Murderess

PARIS (IHT).—The 1930s was a particularly rich decade in the annals of French crime, and among its headliners was Violette Nozière who, after one failed attempt, succeeded in killing her father and was sentenced to the guillotine, an awesome moment whose solemnity she broke by crying out in court, "Curse my father, curse my mother!"

"To the outraged gendarme who dragged her away, she shouted in one of her illuminating afterthoughts. Fetch my handbag with my powder, rouge, money. I must have dropped it in the prisoner's box." Janet Flammer reported in the New Yorker at the time, It must be said at once that Miss Flanner shows little feeling for Vi, as she calls her: "The best-educated, worst-mannered young murderess in French annals." '

MARY BLUME

According to Miss Flanner, Vi's parents (her father worked on the railways) had educated her over their heads, a sacrifice Vi rewarded by giving her mother's engagement ring to a lover, by picking up men and finally by murdering for money. She was an irredeemably mediocre flapper, "fake-silverfoxed, hard-toothed and without any sense of the business of life."

In her wonderfully funny account, Miss Flanner further mocks Vi's clumsiness in the use of poison and alibis. Less discerning members of the public, however, were sufficiently exercised to try to lynch Vi and to make her the dread heroine of popular songs.

Serious Thing

"Killing one's father was a quite serious thing 40 years ago," Claude Chabrol points out. "Today, people get less upset

Mr. Chahrol France's sardonic specialist in screen crime has just completed a film, "Violette Mozière," with Isabelle Huppert, who won raves for "La Dentellière," in the title role. He agrees with Miss Flanner about Vi's poor manners, but not

"She had an enormous ego and lived in an atmosphere of terrible mediocrity," he says. "Usually, such people become writers or artists and so escape to another world. Violette had no creative gifts and so, unable to escape her world, she

When Vi received her terrible sentence to the guillotine it was less terrible than it sounded: women were no longer executed so in fact it meant life imprisonment. Violette was a model prisoner, married a prison employee, became the mother of five children and, except for her earlier faux pas, lived an exemplary life. "If mamon did such a thing," her eldest daughter stoutly said when informed of Vi's previous excesses, "then she must have been right."

Although it was generally accepted that Vi had also tried to poison her mother. Mr. Chabrol thinks not: "She just tried to put her to sleep." During the trial VI claimed that her father had raped her, whereupon her deeply offended mother sued her. Violette then retracted the charge ("I don't think he raped her, I think his presence was a rape," Chahrol says). Vi's mother forgave and possibly even forgot: At any rate in the 60s, when Vi's sentence had been commuted by no lesser judge of human frailty than President Charles de Gaulle, Mme Nozière went to spend her last years happily with her caughter and grandchildren.

While Janet Flanner states that VI poisoned her father for his money, Chabrol feels that her motive was more com-plicated: "She killed because lack of money had made her life unbearable." Miss Figurer says she was a nestural tart and a born liar. Chabrol agrees at least with the last part: "She was a very gifted liar—she could say what people wanted to hear." She led a double life with great aplomb, using a tiny closet to change into the gaudy dress she wore to pick up men on the Boulevard Saint-Michel.

Chabrol became interested in Violette 15 years ago when the late actor Pierre Brasseur, who had been in love with her, told Chabrol her story. In keeping with our times, Chabrol's film is sympathetic to Vi. So, in her own time, were the



Chabrol and camera.

Surrealists. They saw her as an exotic fish in an aquarium where she couldn't breathe, Chabrol says. Paul Eluard wrote a poem about the dreams of a young girl trapped in a tight. gray world and about how she "undid the frightful serpent's knot of blood relations."

By coincidence, the film Chabrol made before "Violette Nozière," and which just came out in Paris, is called "Blood Relations." It is in English and stars Donald Sutherland as the detective. Chabrol's previous attempts in English have not been happy: "The Twist" (with Ann-Margret and Bruce Dern) was, he says, a disaster from the first turn of the camera "From before the first turn of the camera," he amends. "Blood Relations" was shot in Montreal so that Chabrol would feel more at ease despite working in a foreign tongue.

Crime and family ties are his usual themes. He does not like to be considered, as he often is, a social critic of the bourgeoisie. A wry and detached man, he says what he wants is to stop people from ready-made judgments.

Uses Criminals

"That's why I use criminals, because people always condemn them at once. I think one shouldn't judge, one should try to understand. Le Boucher is a film that is especially close to my heart because the murderer was also sympathetic. I like to mix snot end evil to show someone with is apparently bad and make people see he isn't necessarily bad. It's easier to do that with someone who kills than with someone who lies." With Vlolette. Chabrol of course had someone who did both. There is also a slight paradox in her case that pleases him: "What sort of society condemns in 1933 and then says the crime had no importance in 1965?"

With both "Violette Nosière" and "Blood Relations" Chabrol

is working with younger actors than usual. "I've rejuvenated my killers," he says. (His wife, Stephane Audran, usually glamorous in his films, does not appear in "Violette Nozière" and wears a wrapper and curlers in "Blood Relations.")

Chabrol himself was feeling a bit weary: He had just finished "Violette Nozière" that day, "I am almost unconscious, as if I had just flown from Los Angeles to Paris. Now the rhythm will change, domestic problems will appear," he says. That's why I like to film: to be completely taken over by something else."

PEOPLE: Linus Pauling Wins,

The Soviet Academy of Spience: has given its highest award, the Lomonosov Gold Medal, to Nobel Prize-winning American scientist Dr. Linus Pauling, according to Tass. The 1977 medal is "in recognition of his achievements in chemistry and biochemistry. Tass said edding, "(Pauling) is an active reace champion." The medal is given annually to a foreign and a Soviet scientist. The Soviet winner was Mikhail Layrentyev, founder of the Siberian tranch of the academy. who was hailed for putting advanced thecretical research into practical use.

In Graz, Austria, a judge fined Peter Genser, 30, a tuberculosis patient, \$450 for slipping out of the hospital to buy a drink. The judge said that because of his disease he had recklessly endangered the public by his action.

An original typescript by George Bernard Shaw of his play "Heart-break House" will be auctioned by Christer's in London March 8. It is expected to raise £20,000 to f25,000 for London's Royal Academy of Drematic Art. The play, written in 1917, is a saitre on English society and Shaw con-cidered it his finest work.

Silvia Jean Brown, tired of keeping house and raising children in Houston, wanted to enrich her life so she took a .38-caliber pistol, a .45-caliber automatic and sawed-oif shotgun and began a five-year, one-woman crime wave. The 35-year-old redhead, caught last August, was convicted of seven armed robberies, two forgeries and a burglary and sentenced to 25 years in prison. She said the only thing she regretted was the suffering of her family. "The thing that makes me mad is when police act like I couldn't do it all by myself without some man along. My femininity is the element of surprise. You should see the look on their faces when I pull a gun and tell them what I want."

After a four-year legal battle, a court official has won his battle against the city of Helsinki for a new pair of trousers. He tore his trousers on a broken drawer handle while dealing with a client in court. He demanded compensation and city authorities refused. An appeals court ruled the city will have to pay \$57 for the trousers and an undisclosed sum for legal costs.

Henrietta van der Klazuw, 21, daughter of Dutch Foreign Minister Christopher van der Klazuw. will be crowned queen of the 25th annual Azakea Festival April 22 in Norfolk, Va. Festival chair-man William Rechels said this year's silver-anniversary festival will honor NATO.

Chloe, a three-year-old beagle, liked having a homé where the buffalo roam et Manitoba's Riding Mountain Park but after all the snow, she's glad to be



Dr. Linus Pa

escaped from owners

Fred Eckler while taking photographs last July. She dodge cials who tried to h a food-filled tran b clearing crew caught this week when her got pogged cown. intendent George Re "It's quite remarkal vived," noting that in January were 50 He said he thought on mice, rabbits a She's flying home

Charles Colson, az mer President Ric was hit in the face late ple as he enter tor in San Francisc Hotel after speaking vention of young presidents. The pie by Jayson Wechter lance writer, who se because "I always > able to tell my that I hit a Waterg tor with a pie." hotel nor Colson pre

Retiring FBI dire Kelley is considering mayor next year i town. Kansas City City Star reported view with Kelley in "I want to do wh: Kansas City," said mer police chief "Kansas City has me. I would like . . . Friends have to a real good chance he hasn't decided

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